

TAMING CORONAVIRUS RAMPAGE

Shippers annoyed about extra charges for port congestion

DWAIPAYAN BARUA, Ctg

On April 5, OEL Bangladesh, a container vessel, arrived at the outer anchorage of Chattogram port bearing a multitude of import goods, including raw materials for the vital garment industry.

But thanks to the acute container congestion at the port yard, brought on by the countrywide movement control enforced on March 26 to flatten the curve on coronavirus, the vessel had to stay there for 10 days before getting any berth.

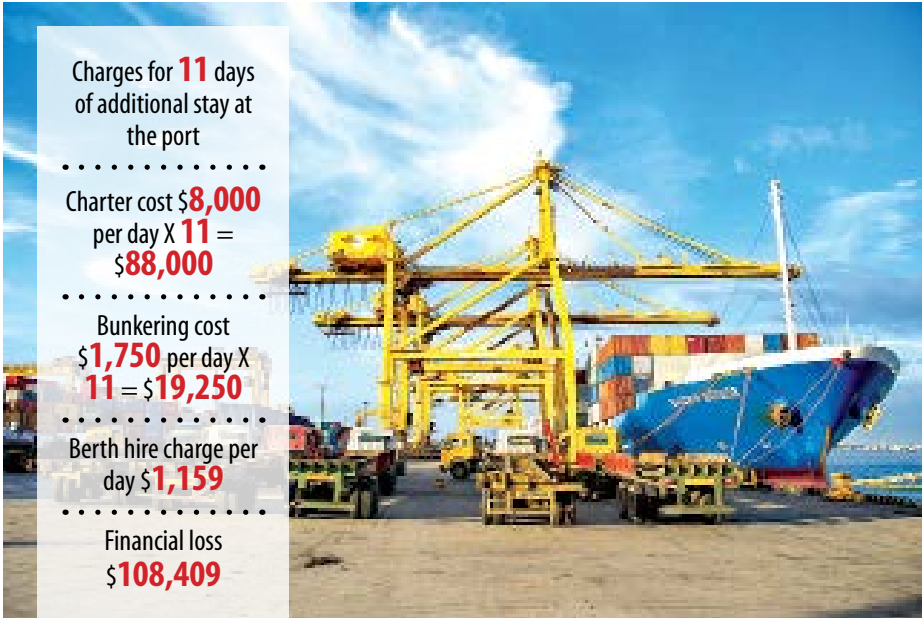
The vessel had to stay an additional day at the port jetty for the sluggish pace of discharging the import containers.

This means it took the vessel 25 days as opposed to the 14 days it usually takes for the round trip from Chattogram to Colombo.

As a result, the ship missed another voyage in a single month as it can operate two trips monthly, said Muntasir Rubayat, assistant vice-president of GBX Logistics, the local shipping agent of OEL Bangladesh.

For such additional stays, the vessel operator had to count extra duties amounting to more than \$100,000 in chartering cost, bunkering cost and the berth occupancy charge at the port, he said.

The container shipping sector, the integral part of the country's import and export activities, has been passing through hard times since the beginning of the year because of the import slowdown brought on by the coronavirus outbreak in China,



the global supplier of raw materials and finished goods alike.

Now, the sector has been receiving further blows for retraction of export cargo for the US and the EU and the container congestion at the Chattogram caused by the countrywide shutdown for the last four weeks.

Many feeder operators had already been forced to cancel weekly voyages of some of their vessels in the last couple of months.

Vessels' waiting time at the outer

anchorage has now reached 15 to 16 days since the Chattogram Port Authority (CPA) is not allowing vessels to get a berth on time due to the space shortage for storing imports.

Another vessel, OEL Shasta, arrived at the outer anchorage on April 10. The CPA yesterday said the vessel would not get a berth before April 26.

For the 16 days of idle stay, the vessel operator will have to count around

\$160,000 as chartering and bunkering costs, said Md Zakirul Islam, deputy manager of Karnaphuly, the local shipping agent of the vessel.

"If a vessel spends 20 days at Chattogram Port, how will a shipping line survive?" said Ajmir Hossain Chowdhury, assistant general manager of MSC Mediterranean Shipping Company.

The delay prompted the Bangladesh Shipping Agents Association (BSAA) on Monday to write to the shipping secretary, requesting him to review several port charges and tariffs to save shipping companies from huge losses.

The charges include pilotage fees, berth hire charge, quay gantry crane charge, storage charge for empty containers and storage rent for containers at Kamalapur Inland Container Depot in Dhaka.

Owing to the long overstay at the outer anchorage and additional stay at the jetty, vessels are counting the additional operational costs and incurring huge losses by failing to operate trips on time, said BSAA Chairman Ahsanul Huq Chowdhury.

As the vessels are now staying six to seven days at the jetties from the usual three-day, the association called for waiving berth occupancy charges for the overstay and also requested discounts on storage rent for empty containers since they can't be sent on time.

"Such waiver could help shipping lines in this hard time," Chowdhury said.

Local cement makers won't lay off employees despite setback

JAGARAN CHAKMA

Cement manufacturers in Bangladesh would not lay off any employees despite the collapse in demand for the key construction material and economic uncertainties brought on by the coronavirus pandemic, said industry players.

Besides, the workers' wages will be paid as usual, they added. "Manufacturers will never take a decision that could prove harmful for the workers or the industry," said Mohammad Shahidullah, managing director of Metrocem Cement.

Just a few months back, cement manufacturers found themselves in troubled waters as overproduction led to the prevalence of unhealthy competition.

Now, the industry is fighting a new challenge as the ongoing lockdown has all but dried up revenues.

Industries and businesses were initially asked to shutter their operations from March 26 until April 4 as part of the government's measures to hold down the spread of coronavirus. The shutdown has since been extended to April 25.

Considering the current economic climate, cement manufacturers would be willing to sell their products at the manufacturing cost.

Even so, the scarcity of buyers makes it next to impossible to offload the stocks.

"However, the industry is ready to accept losses for the time being since all of Bangladesh has been hurt by the virus," Shahidullah said.

The sector's confidence is still intact largely because of steadily growing demand in a country where per capita consumption is very low and there has been construction spree of large infrastructure projects before the deadly bug arrived on these shores.

To complete the Padma bridge project, it is estimated that 3 million tonnes of cement will be used, while the other mega projects require similar amounts of the binding agent.

"At best, it will take two months to regain normalcy in production and sales when the crisis ends since this is not a heavily export-oriented sector," said Mohammed Amirul Haque, managing director of Premier Cement.

Cement manufacturers are giving priority to the safety of workers, who are an integral part of the production process, he said.

Haque also echoed the sentiment that the sector is in a

vulnerable state as companies still have to pay employees while generating next to no revenue.

The cement industry creates about 60,000 direct jobs and another million indirectly at any given time, he added.

Still, manufacturers will not take the cruel decisions of furloughing or terminating workers. Instead, the companies will try to recoup losses by increasing production or availing government assistance.

However, LafargeHolcim Bangladesh, the local operations of the world's biggest cement maker, has so far been an exception.

The company has confirmed its announcement on layoff from its head office from April 12 to April 30 due to

the coronavirus pandemic.

Some employees will be laid off as sales have hit rock-bottom, said an official of the company, without giving any specific number.

Meanwhile, at least 500 lighter and a few mother vessels laden with construction materials have been stranded at river and sea ports because of the pandemic, said Muhammad Alamgir Kabir, president of the Bangladesh Cement Manufacturers Association (BCMA).

The raw materials can't be unloaded due to the barriers set by the authorities and a shortage of workers, he said.

As a result, hundreds of thousands of tonnes of the sector's raw materials have remained unprotected at the port.

The authorities should have taken the initiative to unload the vessels at an earlier date since these materials could have been used during the emergency.

Importers will now have to pay fines as per international shipping rules as long as the vessels remain grounded, said Kabir, also the managing director of Crown Cement.

Besides, since the demand for food will go up on the occasion of Ramadan, which begins within a couple of days, these vessels will be required to carry essentials.

Under the circumstances, the government should cooperate with importers and secure the raw materials from the ships, the entrepreneur added.

There are 37 active cement factories in Bangladesh and more than Tk 30,000 crore has been invested in the industry.

Manufacturers have a combined annual production capacity of 58 million tonnes against the local demand of 33 million tonnes.

In the 1990s, Bangladesh used to import 95 per cent of its demand for the key construction material. However, the country's cement requirement is now met entirely by the local industry, which has grown at a 15.6 per cent rate annually over the past decade.

Local companies dominate the market and annual sales have reached \$3 billion, according to the BCMA.

Of the consumption, individuals account for 25 per cent, real estate companies and developers 30 per cent and the public sector 45 per cent.

The per capita consumption of cement is low in Bangladesh: it stands at 181 kilograms now and is expected to reach 220 kg by 2020.

AT A GLANCE

Market size: Tk **25,500**cr

Active cement factories: **37**

Total investment: Tk **30,000**cr

Direct employment: **60,000**

Indirect employment: **1,000,000**

Consumption: **33**m tonnes

Production capacity: **68**m tonnes

Oil crash slams stocks, dollar gains as risk sentiment rolls over

REUTERS, London

Global stocks fell on Tuesday, a day after US crude oil prices turned negative for the first time ever, as dismal corporate earnings underlined worries about economic damage from the coronavirus pandemic.

The dollar rose against a basket of other currencies as investors shunned riskier assets.

MSCI's All Country World Index, which tracks stocks across 49 countries, was down 0.9 per cent. European stock markets followed their Asian counterparts lower, with the pan-European index down over 2 per cent by midday in London.

Monday's plunge in oil, which saw some prices reach minus \$40 a barrel, resulted from growing crude stockpiles and dwindling storage space as lockdowns to contain the spread of the novel coronavirus slashed global fuel use. First-month West Texas Intermediate continued to trade in negative territory on Tuesday, at -\$7.13 a barrel.

"I have always thought of oil a little bit like a currency; it stores value, is controlled by world leaders and makes the world go round," said Gregory Perdon, Co-Chief Investment Officer at Arbuthnot Latham.

"But yesterday was a wake-up call and investors would be remiss to ignore that low oil means lower inflation, higher defaults, lower growth and more political instability as less petrodollars circulate in the system."

Signs the pandemic is taking a toll on the global economy continued to roll in.

Australia's central bank now forecasts the country's economy will shrink 10 per cent in the first half of 2020. South Korea is set for its biggest first-quarter contraction since 2008, with the latest data showing exports plunged by almost a third in the first 20 days of April.

There was a glimmer of hope in Europe: the mood among German investors improved in April as concern about the impact of the coronavirus pandemic on Europe's



REUTERS/FILE

The sun is seen behind a crude oil pump jack in the Permian Basin in Loving County, Texas, US.

largest economy seemed to ease, a survey from the ZEW research institute showed.

The euro edged lower against the dollar, and Southern European bond yields traded near recent highs before a European Union summit later this week on how the EU will try to revive an economy hit by the pandemic.

Monday's plunge in US crude came as the May contract expiry looms at the end of Tuesday's trade.

International benchmark Brent crude, more readily seaborne than its US counterpart, fell 15.7 per cent to \$21.69 per barrel.

That is still some 60 per cent below January's peak, highlighting the disruption to energy consumption and the long road back to global growth that underpins oil demand.

"This level of oil price is not sustainable for any global oil producer. Even for Saudi Arabia, which has a low cost of production, this is not viable," said Jai Malhi, global market strategist at J.P. Morgan Asset Management.

Ceramic and steel manufacturers not far behind

JAGARAN CHAKMA

There is an Ethiopian folk tale of a man who survived a cold night naked on a mountaintop merely by staying transfixed at a distant fire.

Hope is undoubtedly a lifesaver. And Bangladesh's cement, steel and, to some extent, ceramic manufacturers have lit such a beacon.

Amidst all the apprehensions centring redundancy ringing throughout economies around the world, the former two have assured retaining jobs "at any cost" while the latter at least for two months.

This is surely a commendable move, given that these three sectors directly employ 8.6 lakh people.

To bring things into perspective, this is a fifth of those engaged in the garment industry, the country's biggest export earner.

These three major sectors play a huge role in the country's infrastructure development and in saving foreign currency by catering to domestic demand.

"We will not go for layoffs," said Mohammed Amirul Haque, managing director of Premier Cement.

The cement sector directly employs about

60,000 and enables indirect employment for another million.

"We will save workers and staff at any cost in the greater interest of the business," said Tanvir Ahmed, managing director of Sheltech Group.

This is surely a big commitment,

considering that the entity has recently entered the market with the "Sheltech Ceramic" brand.

The group invested about Tk 850 crore and installed fully automated European equipment with a statement to provide tiles of the highest international standard.

Ahmed said he was providing salaries diverting funds from the group's other ventures.

Under the current circumstances, financial institutions such as banks should provide interest-free capital for the next two quarters for continuity in operations of the ceramic industry.

Ahmed also proposed that the government allow deferred utility bill payment for the next one year while ensuring uninterrupted connections.

The ceramic sector has 68 active factories manufacturing potteryware, tableware and tiles and employing five lakh people directly, Shirajul Islam Mollah, president of the Bangladesh Ceramic Manufacturers and Exporters Association.

Employees are going through uncertainties over earning their bread and butter due to a lack of sales and production.

"If we can't generate revenue and continue production, how will we provide

salaries over the months? We can provide salaries for one or two months from our personal deposits but it is not possible to continue this for long. We don't wish to terminate jobs as it is a cruel thing to do."

According to him, the sector needs at least Tk 1,000 crore in support from the government to tackle the situation.

Like ceramic and cement manufacturers, those of the steel industry are bracing for massive losses as the coronavirus pandemic has disrupted the import of raw materials and production -- a development that will also deal a blow to the real estate and infrastructure projects.

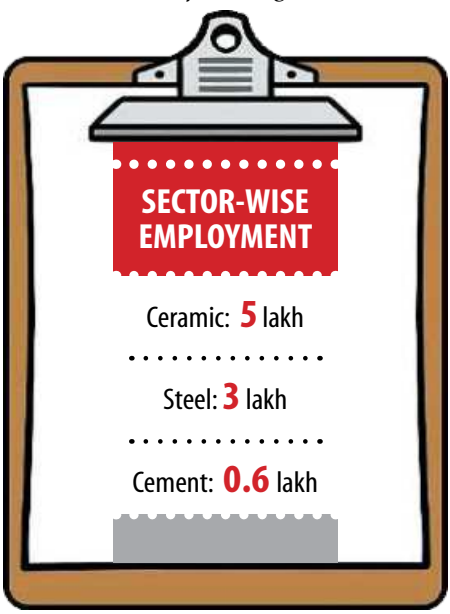
The steel sector is likely to face Tk 4,000 crore in losses, said Manwar Hossain, president of the Bangladesh Steel Mills Owners Association.

"We are accepting this loss and will keep all workers and staff in their jobs," he said.

The country has about 40 active manufacturers, who can manufacture nine million tonnes of steel a year and generated three lakh direct jobs.

Hossain believes that the government would extend cooperation in tackling the crisis.

"If that is not the case, uncertainty will befall hundreds of thousands of staff and workers along with the businesses."



Union Bank appoints new MD

STAR BUSINESS DESK

ABM Mokammel Hoque Chowdhury has recently been appointed as managing director of Union Bank.

Prior to the appointment, he served the bank as additional managing director. He also served it as a deputy managing director.

He started his banking career as a probationary officer at First Security Islami Bank in 2001, according to a statement.



Meghna Bank gets new MD

STAR BUSINESS DESK

Meghna Bank has appointed Sohail RK Hussain as its managing director and CEO.

He had previously served City Bank as its managing director and CEO from 2013 to 2019, according to a statement.

Hussain also worked at Eastern Bank, Standard Chartered Grindlays Bank and ANZ Grindlays Bank.

He obtained his MBA from the Institute of Business Administration under Dhaka university.