

# Local ships recovering from pandemic fallouts

Bangladesh can easily retain \$1 billion out of the \$7 billion of freight spent to bring import cargoes, says Akij Group's MD

SOHEL PARVEZ

Local oceangoing vessels that carry bulk shipments from one continent to another have recovered from the Covid-19 fallouts as the operators are getting good business thanks to the increased demand from China, according to a leading operator of seagoing ships.

"There is a huge movement of bulk cargo towards China. Because of China, the shipping industry is no longer struggling," said SK Bashir Uddin, managing director of Akij Group, one of the country's biggest business houses with 24 concerns ranging from jute, cement, and steel to food processing and shipping.

Akij operates 10 seagoing ships, which carry coal, iron ore, clinker, wheat, fertiliser and other mineral cargoes from one international port to another.

The Baltic dry index, which tracks rates for ships ferrying dry bulk commodities, jumped to a more than two-month high recently owing to strong iron-ore shipments out of Australia and Brazil, reported Reuters.

Bashir said the Baltic dry index which dropped to an unprecedented low early this year amid the global Covid-19 outbreak, rebounded later alongside the demand for ferrying bulk cargo.

Stimulus packages offered by the Chinese authorities and the public spending are two of the main drivers that pushed up the demand for shipping, he said in an interview over the phone last month.

"Business went down drastically following the outbreak but it is back at full swing now thanks to China," he added.

Since local ships have to comply with international maritime laws to sail on international waters,



SK Bashir Uddin

they become part of the global community, Bashir also said.

Therefore, all local oceangoing vessels enjoy similar treatment in line with ships owned by other countries.

"So when there is a pull, it does not matter who is the owner or from where the ship hails. We enjoy similar status when our ship and a German are in the same class," he said, adding that they carry cargoes from other countries too.

Bashir, also vice chairman of the Bangladesh Oceangoing Ship Owners Association (BOSOA), went on to say that Akij also brings its own cargos through its own ships as this is advantageous in terms of freight charge.

"That is what we are trying to make the regulators understand. We spend nearly \$7 billion annually as freight charges to carry inbound cargoes and it is no challenge to retain \$1 billion of that amount in the country," said Bashir, citing rising cargo imports.

Bangladesh imported 87 million

tonnes of cargo in fiscal 2019-20, up 78 per cent from 48.94 million tonnes five years ago, data from the Chattogram Port Authority shows.

According to the managing director, clinker accounts for a big portion of bulk cargo imported for the cement industry. Besides, wheat and fertiliser are also imported.

"So, Bangladesh ship owners need to grow. There needs to be more ship owners and the government needs to create conducive policies," he said, adding that friendly policies could increase the number of ships.

"It is not a matter at all to increase the number of ships to 1,000."

Citing the necessity to pay for local ships to cross the Suez Canal, he said it is very difficult to make such a transaction from Bangladesh.

The more conducive the regulation, the more local ship owners will grow, said Bashir, adding that the shipping industry creates very high value jobs as well.

"Opportunity is enormous in the industry."

Bangladesh had 85 oceangoing

ships six or seven years ago.

The number of oceangoing ships declined to 35 as owners sold off most of their vessels owing to declining freight rates, high operating costs and removal of the value added tax (VAT) exemption benefit for import and manufacture of ships from fiscal 2014-15.

In March 2018, the National Board of Revenue exempted VAT for import of 15-year old ships of 5,000 deadweight tonnage (DWT) capacity.

It increased the age limit to 22 years in June the same year in an effort to accelerate the growth of the shipping industry.

Since then, the number of locally owned ships started increasing as the volume of imports and exports for the growing economy has been on the rise.

The number of seagoing vessels currently stands at 47 with a combined carrying capacity of roughly 2 million tonnes.

"And we carry from all over the

world," said Bashir of Akij, which operates one of the country's largest bulk cargo ships with a 76,000-tonne capacity.

He said people who have knowledge should get into the industry.

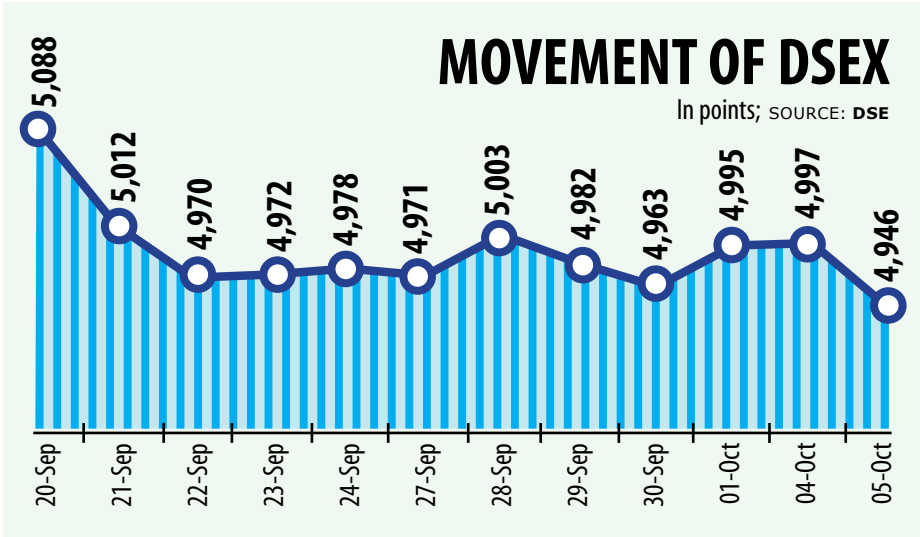
"It is very feasible for Bangladesh to own 1,000 ships. So new entrepreneurs should come but whoever has the resilience, the perseverance and the ability to learn new things I would strongly encourage them to come," he added.



Akij operates 10 seagoing ships that carry coal, iron ore, clinker, wheat, fertiliser and other mineral cargoes from one international port to another.

PHOTO: COLLECTED

## Stocks shaken by sell-offs



STAR BUSINESS REPORT

The Dhaka bourse's benchmark index—DSEX—experienced a 50-point fall yesterday as retail investors went on a selling spree.

The DSEX dropped 51.32 points or 1.02 per cent to 4,946.67 as retail investors sold stocks and institutional investors remained on the sidelines, said a top official of a merchant bank.

The individual investors were bullish in the last few days after the appointment of the new commission at the Bangladesh Securities and Exchange Commission (BSEC), he said.

Some people were in a selling spree

as the index bounced back almost to the pre-Covid-19 level, the merchant banker added.

Once companies disclose earnings of the September closing quarter, the real scenario of the impact of the pandemic will be realised, said a stock broker.

"And it will be the main turning point for the market."

If the pandemic leaves a heavy impact on earnings, then the index will be hit hard, otherwise the market will bounce back, the stock broker added.

Turnover, another important indicator of the stock market, rose 8.54 per cent to Tk 965.35 crore yesterday.

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## Maintain adequate funds, low interest to rescue economy

Suggests former BB governor

STAR BUSINESS DESK

Adequate funds and a low interest rate should be maintained in the financial sector until the economy fully recovers from the effects of the pandemic, suggests former Bangladesh Bank governor Atiur Rahman.

"The government has taken multifarious initiatives, including declaration of different stimulus packages, in managing the impact of Covid-19. Some of the government's quick responses should be continued so that the economy recovers completely," he said.

Rahman applauded the central bank's recent initiatives such as the changes brought to cash reserve ratio, repurchase

agreements and advance deposit ratio to boost liquidity in the money market.

His remarks came at a webinar titled "Inclusive finance and macroeconomic transformation of Bangladesh" organised by CFA Society Bangladesh. The programme was streamed live on the Facebook page of the society and The Daily Star on Friday.

The society is a local member of the CFA Institute, a global association of investment professionals that sets the standard for professional excellence and credentials, ethics and education.

Rahman mentioned that the government has initiated 21 stimulus packages worth \$13.25 billion, amounting to 4 per cent of the GDP.

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## Jute shoes for export put rural women on easy street

AZIBOR RAHMAN, Jhenidah

Sincerity mixed with hard work can lead any man to success and the same can be said for the fairer sex as about 400 women are now earning a living by making jute shoes and slippers that are exported to various destinations.

While visiting a jute product factory recently, this correspondent found that a good number of women were busy making shoes.

The factory in question, Amass Footwear, is owned by 33-year-old Md Obaidul Haque Rasel, a resident of Arpara village under

Kaliganj upazila of Jhenidah.

Rasel secured a bachelor's degree in business administration in 2013 and soon started a garment accessory business in Dhaka.

His factory is located on the west side of the Jhenidah-Jashore highway near Raghunathpur village, which is eight kilometers away from Kaliganj upazila.

Md Masud Rana, general manager of Amass Footwear, said the factory was originally established on 44 decimals of land in 2019.

Since then, the factory has expanded to cover 90 decimals and

makes various footwear products as per demand from buyers.

Amass Footwear's products are shipped to numerous international markets, such as France, Italy, Germany, Spain, Africa, the US, Sri Lanka and India with each pair retailing for about \$1.5 to \$15, Rana said.

The factory, which employs 80 people directly and 400 indirectly, has the capacity to produce around 1 lakh pairs of shoes each month. But at present, it makes only 40,000 pairs per month due to the existing demand.

According to the general

manager, it's a six-step process to make shoes and slippers out of jute.

The soles are made from rubber while the rest is made of the fibrous material.

The women make it with their own hands and earn Tk 4,000 to 10,000 per month while also maintaining their traditional household chores.

The shoes are disposable, hygienic and eco-friendly, Rana said, adding that the women receive three months' training free of cost before being allowed on the factory floor.

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People work at the factory of Amass Footwear that ships its products to international markets like France, Italy, Germany, Spain, Africa, the US, Sri Lanka and India with each pair retailing for about \$1.5 to \$15.

PHOTO: STAR