

Develop waterways for economic growth: analysts

STAR BUSINESS REPORT

Bangladesh should move faster to develop its largely overlooked inland waterways for transportation of containers and containerised cargoes for boosting economic growth and foreign trade, experts and industry-people said yesterday.

The observations came at a business seminar, "Transportation of Export-Import Containers through IWT: Challenges and Opportunities", organised by Shipwrights Bangladesh Ltd, a private container handling consultancy firm, at Ruposhi Bangla Hotel in Dhaka.

The country has one of the largest inland waterway networks in the world, with some 700 rivers and tributaries with an overall 24,000 kilometre-long network crisscrossing the country, connecting almost all of its cities, towns and commercial centres.

But with the space of time and ignorance in maintenance dredging, the 12,000 km of classified waterways in 1970 have now dwindled to almost 6,000 km, as the inland water transport network has received little attention from the subsequent governments.

Bangladesh can raise its gross domestic product by 1 percent and foreign trade by 20 percent if the inland water transport logistics systems are made efficient and competitive, according to an Asian Development Bank report.

Transport expert M Rahmatullah said over the years Bangladesh has neglected its waterways system and railway. "Even



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From left: Clive van Onselen, chief operating officer of Singapore-based AP Moller Maersk Lines, Andrew Rolland Griffiths, managing consultant of BPM Hi-Q Sigma, UK, Mahboob Ahmed, managing director of Shipwrights Bangladesh, and Nooruddin Chowdhury, country manager of DHL Global Forwarding Bangladesh, take part in a seminar styled "Transportation of Export-Import Containers through Inland Water Transport: Challenges and Opportunities" at Ruposhi Bangla Hotel in Dhaka yesterday.

the donors are now saying that they have made a mistake."

"Waterways are a critical mode of transport. Although the authorities acknowledge its importance, but we do not see any development to this effect."

"Why can't we have two tracks on Dhaka-Chittagong railway line when donors' funds are lying idle?" he questioned. "It will take two to three years to develop the double rail track to carry containers even if we start now."

"Even if the rail network is developed, they will be able to carry 25 percent of

containers. So, there is no way for us to overlook inland water system."

Rahmatullah said the inland container depot in Pangaon, Narayanganj has not been ready for operation although its construction began few years back.

"The government needs to look at the issue seriously."

To carry a tonne of goods a kilometre, it costs Tk 5 on the road network, Tk 2.1 through the railway system and Tk 1 on inland waterways, he said.

Mahboob Ahmed, managing director of Shipwrights Bangladesh, said the coun-

try should move to inland waterways for transportation of containers and containerised cargo.

He said most of the freight and passenger traffic move on a congested two-lane highway and on a capacity and equipment constrained railway system.

"Even with a four-lane expansion, the corridor highway will not be able to cope with the increasing traffic."

Ahmed said the advantages for the stakeholders in river terminals around Dhaka include: cut-off time for export shipment can be brought down to six hours or less; exported loose cargoes can be stuffed in containers closer to home under self control.

He said imported cargoes can also be de-stuffed closer to home and brought to respective warehouses within city limits in short spell without fear of pilferage or damage on the way.

Shipping Minister Shajahan Khan said Rupayan Port and Pangaon container terminal would be ready for commercial operation by 2013.

Shipping Secretary Abdul Mannan Howlader said the country's waterways transport sector was neglected unrealistically although it is cost effective and environment-friendly.

He said waterways accounted for only 4 percent of the Tk 59 crore allocated to the transport sector under the annual development programme in 2006-2007, whereas 80 percent went to road network.

"Now the government is paying attention to the sector," he said.



OPSONIN

Abdus Sabur Khan, chairman of Opsonin Group, and Abdur Rouf Khan, managing director of Opsonin Pharma, attend the annual sales conference of Opsonin Pharma at Sonargaon Hotel in Dhaka yesterday.

New top brass for MTB



Arif Dowla



Rashed Ahmed Chowdhury

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Arif Dowla has recently been elected chairman of Mutual Trust Bank and its three subsidiaries: MTB Securities Ltd, MTB Capital Ltd, and MTB Exchange (UK) Ltd.

Late Samson H Chowdhury was holding the post before Dowla, the bank said in a statement yesterday.

Dowla is the managing director of ACI. The bank also elected its director Rashed Ahmed Chowdhury as vice-chairman. Chowdhury is a director of Associated Builders Corporation Ltd.

The election took place at a board meeting of the bank at MTB Centre in the city on Tuesday. MTB also re-elected Syed Manzur Elahi as its chairman of the audit committee.

A third of ADP spent in six months

FROM PAGE B1

During the same period last year, local fund utilisation was 32 percent, while 18 percent of the foreign funds were used.

However, an IMED official said the implementation rate usually remains low in the first six months, but gathers momentum in the later half.

The official blamed the slow implementation rate on the poor utilisation of foreign aid.

A large part of the foreign aids was allocated for the Padma Bridge project but due to complications, no funds got released, the official said.

The health ministry is also lagging in utilisation of foreign assistance.

Among 10 large ministries and divisions that got 68 percent of the allocation of the total ADP, the highest spender was the power division that utilised 44 percent of its allocation, followed by primary and mass education ministry's 43 percent, local government division's 39 percent, roads division's 36 percent and railways' 28 percent.

Besides, the bridge division spent only 6 percent and health and family welfare ministry 18 percent. The health ministry used only 4 percent of its allocation of foreign aid.

Many ministries and divisions spent only 1 to 4 percent of their total allocation. The civil aviation

Kodak files for bankruptcy

FROM PAGE B1

The loan and bankruptcy protection from U.S. trade creditors may give Kodak the time it needs to find buyers for some of its 1,100 digital patents, the key to its remaining value, and to reshape its business while continuing to pay its 17,000 workers.

"The board of directors and the entire senior management team unanimously believe that this is a necessary step and the right thing to do for the future of Kodak," Chairman and Chief Executive Antonio Perez said in a statement.

"Now we must complete the transformation by further addressing our cost structure and effectively monetizing non-core intellectual-property assets. We look forward to working with our stakeholders to emerge a lean, world-class, digital imaging and materials science company," he added.

At end September, the group had total assets of \$5.1 billion and liabilities of \$6.75 billion.

Kodak said it and its U.S. subsidiaries had filed for Chapter 11 business reorganization in the U.S. Bankruptcy Court for the Southern District of New York. Non-U.S. subsidiaries were not covered by the filing and would continue to honor all obligations to their suppliers, it added.



GP

Bangladesh Bank Governor Atiur Rahman launches bKash mobile financial services for the users of Grameenphone, at the Westin Dhaka on Wednesday. Tore Johnsen, chief executive officer of the mobile phone operator, was also present.

bKash partners with Grameenphone

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Grameenphone and bKash, a subsidiary of BRAC Bank, jointly launched bKash mobile financial services for the users of the mobile phone operator on Wednesday.

The launch of the service will enable GP customers with a registered bKash account to access and avail bKash mobile financial services from their mobile handsets from anywhere in Bangladesh.

Standard bKash fees/tariffs will be applicable for the services from customers' bKash accounts.

Atiur Rahman, governor of Bangladesh Bank, launched the service at a programme at the Westin Dhaka where Md Giasuddin Ahmed, vice chairman of Bangladesh Telecommunication Regulatory Commission (BTRC), was also present.

"The service ensures speedy and cost effective money transaction and increases fund flow particularly in the rural areas," said the central bank chief.

He said bKash established its distribution centres in every districts of Bangladesh with over 4,000 agent points and achieved 80,000 customers in six months.

Ahmed said the huge network of Grameenphone will help a small sector like mobile banking to flourish. "BTRC will support this kind of innovative efforts always."

"We always talked about the growth of the economy. But none takes care about the quality of it," Mohammad A (Rumi) Ali, chairman of BRAC Bank and bKash.

bKash will work for the people at the grassroots level for a qualitative growth of the country, he said.

Tore Johnsen, chief executive officer of GP, described the event as a major joint effort for the industry of financial services and telecommunications.

"BRAC Bank started its mobile wallet service six months ago in July last year in collaboration with mobile operator Robi," said Syed Mahbubur Rahman, managing director of BRAC Bank.

He told The Daily Star that his bank will sign this agreement with other mobile operators soon.

Kamal Quadir, chief executive officer of bKash, was also present. bKash is licensed by the banking regulator as a payment system operator.



PIZZA HUT

Akku Chowdhury, managing director of Transcom Foods Ltd, singers Topu and Tishma, model Sharmin Lucky and actor Tania Hossain launch the new 'Crown Crust Pizza' at Pizza Hut in Gulshan yesterday.

Gloomy outlook for trade finance: study

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Demand for trade finance products will slow down globally in 2012 due to liquidity shortage of banks resulting from the recent debt crisis in the eurozone, according to a study released yesterday.

It said the factors contributing to the negative outlook were primarily financial constraints which were reducing the availability of trade finance.

The International Chamber of Commerce (ICC) and the International Monetary Fund (IMF) conducted the study based on inputs received from 337 financial institutions.

About 90 percent of respondents indicated that "less credit or liquidity available at counterparty banks" would affect their trade finance activities either to a "large extent" or to "some extent."

This share is substantially higher than the just over 50 percent that noted the same during the 2008-2009 financial crisis, according to the study.

The findings also show a two-speed financial system: For emerging Asia the

outlook is the strongest, while the Euro area is the weakest, ICC said in a statement.

"Around 60 percent of the respondents indicated the demand for trade in Asia will show improvement in this year, while close to 50 percent of respondents predicted a further deterioration for the Euro area," said Thierry Senechal, ICC's senior policy manager for banking.

"Recent developments in European financial markets and their impact on global trade finance called for a market snapshot survey," said Ranil Salgado, division chief for trade, institutions, and policy review of IMF.

"Joining force with ICC has produced first rate market research to help both the industry and policymaking communities to monitor emanating risks and provide timely input into ongoing regulatory and G20 discussions," he said.

The financial constraints appeared to reflect the large share of trade finance coming from Euro area banks. The survey showed that European bank deleveraging has led to tighter lending guidelines and reduced availability of credit/liquidity.



TIGER AIRLINES

Participants of a roadshow, organised by Novo Air, pose for the launch of Bangladesh operations of Tiger Airlines in the capital recently. Tiger will start operations on March 10.

Inflation is the biggest challenge: Muhith

FROM PAGE B1

Criticising politicians for their recent comments on the economy, Muhith said their comments are spreading panic.

He advised them to be more restrained while commenting on the economy.

On the stockmarket, the minister said: "The government's position is clear. There is a regulatory body that will look after the market."

The minister criticised the perception that the government is being dictated by the International Monetary Fund and World Bank.

"No matter if there is pressure from the IMF or World Bank, people will talk about it."

In fiscal 2009-10, both the IMF and WB wanted to give loans to Bangladesh, but it was not needed then as there was no pressure on balance of payments (BoP), Muhith said.

Then in 2011 the IMF and WB came up with the extended credit facility (ECF) idea and now it is needed as there is a pressure on the BoP, the minister said.

Bangladesh is now negotiating with the IMF to get \$1 billion ECF fund to meet the growing negative BoP.

The minister said the price of electricity would have been cheaper if the dependency on furnace oil and petroleum products could be shifted to coal.

Some big coal plants will go into oper-

ation from 2014 which will reduce pressure on furnace oil-based electricity generation, he said.

Finance Secretary Mohammad Tareq said India and China would be the biggest challenge for Bangladesh.

He said domestic loan is important for fiscal management. It is not important from which sources the loan is received. The loan received through selling savings certificates also means borrowing from the banking sector, he said.

Former MCCI president Anis Ud Dowla urged the government to relax the rules of holding 2 percent shares by directors of any company.

He also suggested the government

increase the number of primary dealer banks and financial institutions.

Rokia Afzal Rahman, a former adviser to a caretaker government, said investment in different sectors is in trouble due to the gas and power crises.

MCCI President Amjad Khan Chowdhury said it has become difficult to do business in such an economic situation.

Former MCCI president Latifur Rahman, Chief Executive Officer of Green Delta Insurance Nasir A Chowdhury and Managing Director of National Housing Finance and Investments Ltd Md Abdur Rob were also present.