Ctg port sees record container handling

DWAIPAYAN BARUA, Ctg

Container handling at the country's premier seaport marked a new record in the month of May.

During the month, the Chittagong port handled 94,047 TEUs (twenty-foot equivalent units) import and 91,637 TEUs export containers respectively -- total 185,684 TEUs, which is the highest in 38 years of the port's history.

The port handled 165,950 TEUs containers in April and 155,908 TEUs in March.

Container handling at the port rose 14.50 percent year-on-year to 1.69 million TEUs during the first 11 months of the fiscal year.

Port officials said both export and import trade increased last month ahead of Ramadan and the announcement of the national budget.

Enamul Karim, terminal manager of Chittagong Port Authority (CPA), said container handling usually increases due to a rise in import and export.

The official said several initiatives have been taken by the CPA to increase the port's capacity during the last two years such as enhancing container storage capacity and construction of a multi-storied car shed outside the port.

Mahbubul Alam, president of Chittagong Chamber of Commerce and Industry, said import of commodities has increased in the last few months due to Ramadan.

He said stable political condition led to such growth in import and export trade.

The chamber leader, however, expressed dissatisfaction over the CPA's measures to enhance the capacity and efficiency to cope with increasing trade.

The New Mooring Container Terminal is yet to be fully operational, said Alam, adding that the CPA should come up with plans to enhance its capacity.

World Bank improves outlook of Russia's battered economy

AFP, Moscow

The World Bank on Monday said it saw some improvement in Russia's battered economy, predicting it would shrink by 2.7 percent this year and return to growth of 0.7 percent in 2016.

The Russian economy has been savaged by a fall in oil prices and Western sanctions imposed over the conflict in Ukraine, and the World Bank had previously forecast a contraction of 3.8 percent in 2015 and of 0.3 percent next year.

"The revised forecast is largely driven by the adjustment in oil prices over the previous two months that is supporting the ruble exchange rate and a slightly faster retreat of inflation," Birgit Hansl, World Bank lead economist for Russia, said in a statement.

"That would allow Russia's central bank to pursue monetary easing at a more rapid pace for the rest of 2015, as a result bringing down borrowing costs and increasing lending to firms and households."

After plummeting dramatically between June 2014 and January, oil prices have rebounded to around $60 a barrel.

Russia's ruble currency crashed last year but since the start of 2015 has clawed back ground, leading officials to claim that the worst of the crisis is over.

The Russian central bank in December hiked rates dramatically as the currency fell but in recent months has been cutting back rates as inflation fears have eased.

The International Monetary Fund has also improved its outlook for Russia to a 3.4 percent contraction this

BANK ASIA

Atiur Rahman, governor of Bangladesh Bank, looks on as Aminul Islam, managing director (CC) of Bank Asia, presents a token of Bank Asia's contribution for the earthquake victims of Nepal to HK Shrestha, Nepalese ambassador to Bangladesh, at a programme in Dhaka yesterday.

Tourism industry alarmed over new S African visa policy

AFP, Johannesburg

South Africa on Monday rolled out tough new visa regulations requiring children travelling into the country to carry unabridged birth certificates, a move that industry experts predict will badly damage the tourism sector.

The revised regulations dictate that children of all nationals and foreigners must be accompanied by unabridged birth certificates in addition to their passports when entering or leaving the country.

The new regulations apply only to children travelling with one parent and those arriving from visa-exempt countries.

Government says the measure is aimed at curbing international child trafficking.

But the tourism industry, which contributes nine percent to the country's GDP and employs around 1.5 million people, said the regulations were too cumbersome and would drive tourists away from South Africa.

BRAC BANK

Firoz Ahmed Khan, head of retail banking at Brac Bank, and Inamul Haq Khan, managing director of Ananta Group, exchange documents of a payroll agreement, including salary disbursement and credit card services, at a programme recently.

Citigroup to close Banamex USA

AFP, New York

Citigroup bank is expected to close the US unit of its Mexican banking subsidiary Banamex after it was accused of weak money-laundering controls, the Wall Street Journal reported Sunday.

Based in Century City, California, Banamex USA specializes in moving money across the US border into Mexico.

The bank is undergoing probes related to its anti-money laundering controls, people familiar with the matter told the Journal.

Citigroup has raised the idea of closing Banamex with regulators as part of discussions to settle the probes, the Journal said.

Though US authorities are not demanding Citigroup close Banamex, they want it to pay $100 million to settle the allegations, the Journal reported.

STAR

M Zakir Hossain, president of the Institute of Management Consultants Bangladesh, attends a programme to celebrate International Management Consultants Day at The Daily Star Centre in Dhaka yesterday.

Higher growth hinges on reforms: CPD

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The CPD's report on the economy was based on the data available for the first nine months of fiscal 2014-15.

"Bangladesh needs to carry out institutional and policy reforms fast, if it wants to go beyond the 6 percent plus growth rate," Bhattacharya said.

Rahman said the government did not pay due attention to different reform initiatives needed to boost the economy and create much needed employment.

The report found that the current fiscal year is closing with a number of macroeconomic advantages, such as lower inflation, declining interest rate, stable exchange rate, manageable fiscal deficit, positive balance of payments and augmented foreign exchange reserves.

Also, the low level of global commodity prices, including that of oil, has provided some respite in terms of resources needed to meet subsidy demands.

Some of the fault lines of the elapsing fiscal year included unachieved revenue targets, low flow of foreign assistance, sluggish exports to the US market, and failure to ensure incentive prices to rice farmers, the think tank said.

Acceleration of private investment remained an illusive target and bridging the infrastructure gap did not experience much discernible success, the report said. Private sector credit growth was only 13.6 percent during July-March this year.

The CPD said all these opportunities and challenges are going to define the benchmarks for 2015-16.

The review report also questioned the GDP growth estimate of 6.51 percent for the outgoing year, as a quarter of the year was badly affected by political turmoil.

Manufacturing is estimated to have achieved a significantly high growth of 10.3 percent despite severe disruption in the supply chain during the political turmoil, the report said.

The services sector's estimated growth rate of 5.8 percent in fiscal 2014-15 is a surprise to the CPD as the sector was affected by political unrest.

"A more disaggregated analysis is necessary to determine how the manufacturing sector could achieve such growth, which represents a moderate share of between 19 and 20 percent in GDP," the report pointed out.

The think tank also urged the government to be practical in setting the revenue growth target as it found a shortfall of Tk 25,000 crore for the outgoing year.

The CPD called upon the government to be cautious while borrowing to finance the budget deficit. "There may potentially be pressure for domestic interest payments in fiscal 2015-16 in view of the buoyant sale of national savings instruments during the current year," it said.

The implementation of the annual development programme (ADP) remained underperforming business as usual. According to data for the first 10 months of the fiscal year, actual spending under the ADP was 51.8 percent of the originally planned allocation of Tk 80,315 crore.

The CPD also analysed the updates on 26 projects under this year's ADP that were supposed to help boost growth and employment. Fourteen of the 26 projects were supposed to be completed in the current year. A total allocation of Tk 21,392 crore was needed for timely completion of these projects, but only Tk 5,362 crore was earmarked for these projects in the revised ADP.

Subsidy requirements are expected to remain as a downside in the upcoming fiscal year amid low oil prices in the global market, the CPD said. Bangladesh Petroleum Corporation (BPC) is expected to make a profit of around Tk 2,000 crore and no longer requires subsidies in the outgoing year.

The think tank predicts that the surplus may be partially passed through to source the Bangladesh Power Development Board's planned demand of Tk 7,500 crore in fiscal 2014-15. The CPD suggested that, rather than a price rationalisation, adjustments of administered prices should be considered as part of a single package.

For fiscal 2015-16, the government should consider a marginal adjustment of electricity and gas prices and keep the petroleum prices as they are, the CPD said, adding that it is rather important that the BPC uses its profit to repay its long-standing loans to state-owned banks.

The think tank also raised a question over the impressive growth of payments against capital machinery import -- 23 percent during the first nine months of the outgoing year. The CPD reiterates its demand to investigate this growth in capital machinery imports.

Bhattacharya hailed the growing bilateral relationship between Bangladesh and India, especially the recent development in the motor vehicle deal involving Bhutan and Nepal. He also said the proposed coastal shipping connectivity will reduce export-import business costs between Bangladesh and India.

He, however, raised questions over Bangladesh's expenditure on infra-

Indonesian inflation accelerates

AFP, Jakarta

Indonesia's inflation accelerated in May to its highest level in five months due to increased food prices, data showed Monday, as people stocked up before the Islamic holy month of Ramadan.

The consumer price index rose 7.15 percent year-on-year, according to the official statistics agency, faster than expected and up from a 6.79 percent increase in April. It was the highest level since 8.36 percent in December.

Inflation in Southeast Asia's biggest economy has been edging up in recent months due mainly to higher fuel costs, after the government at the start of the year almost totally abolished huge subsidies and let petrol prices float with the market.

In May, however, the main driver was the higher cost of staples such as chicken and chilli as people stocked up ahead of the fasting month of Ramadan, which starts in mid-June.

Exports to India not rising despite efforts

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Khan said India's exports are higher as Bangladesh imports mainly basic commodities from India.

Bangladesh's imports from India were recorded at $6.03 billion in fiscal 2013-14 and $4.78 billion in the previous year, according to data from the commerce ministry.

On the other hand, Bangladesh's exports to India were worth $456.63 million in 2013-14 compared to $563.97 million in the previous year.

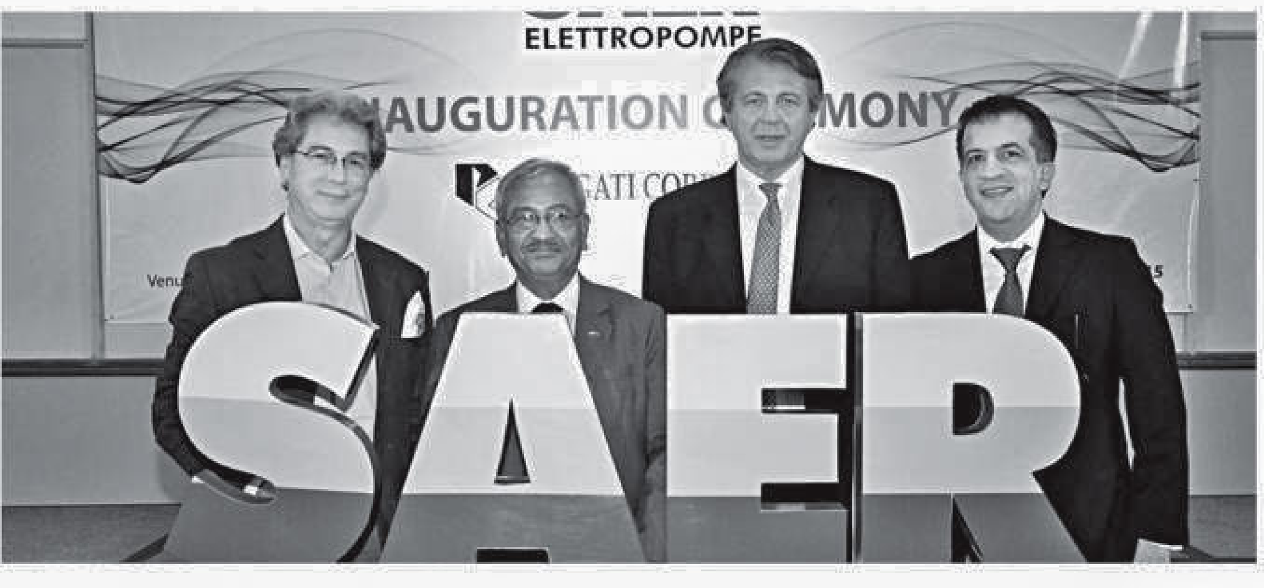
India came up with some trade improvement measures after the then prime minister, Manmohan Singh, visited Bangladesh in September 2012. Previously, Bangladeshi Prime Minister Sheikh Hasina had also visited India, in January 2010, in a bid to increase bilateral trade.

After the visit of Singh, India allowed duty-free access of all Bangladeshi products to its market, except 25 alcoholic and drug items, to narrow the trade gap.

But in 2013, India imposed 12.5 percent countervailing duty on the export of garments, which is why the overall shipment to India is on the decline.

Kazi Akram Uddin Ahmed, the immediate past president of the Federation of Bangladesh Chambers of Commerce and Industry, said it is the non-tariff barriers that are hurting exports to India.

"The Indian side does not accept certification from BSTI (Bangladesh Standards and Testing Institution). This is why, we cannot export many products to India," Ahmed said.



PEDROLLO

Mario Palma, Italian ambassador to Bangladesh, attends the launch of a new collaboration between Italian company SAER ELETTROPOMPE and Pedrollo NK Ltd recently. Mauro Favella, export manager of SAER; Mustapha Nasser, Middle East export manager, and Nader Khan, managing director of Pedrollo NK Ltd, were also present.

No surcharge for net wealth up to Tk 2.25cr

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The withdrawal of the tax upfront on the interest will clear 20 primary dealer banks from the burden.

Anis A Khan, chairman of Primary Dealers Bangladesh Ltd (PDBL), said the upfront tax should be withdrawn. The imposition of the tax has acted as a damper on the development of the secondary market for government securities, said Khan, also the managing director of Mutual Trust Bank.

Currently, 221 treasury bonds with market capitalisation of Tk 548,59.2 crore are listed on the Dhaka Stock Exchange. But the secondary market for the government bonds remains inactive, according to data.

The tax rate for foreigners who stay for a short period to provide various services is also likely to be rationalised depending on their profession and the amount of income they earn in Bangladesh.

At present, foreigners who are treated as non-resident in tax laws have to pay a 30 percent tax on their incomes.