

STOCKS		COMMODITIES		ASIAN MARKETS				CURRENCIES			
DSEX	CSCX	Gold	Oil	MUMBAI	TOKYO	SINGAPORE	SHANGHAI	USD	EUR	GBP	CNY
▲ 2.41%	▲ 2.56%	\$1,843.26	\$55.73	▲ 0.19%	▲ 0.85%	▲ 0.76%	▼ 0.91%	BUY TK 83.95	100.94	113.62	12.78
5,909.30	10,387.09	(per ounce)	(per barrel)	49,584.16	28,698.26	3,000.00	3,565.90	SELL TK 84.95	104.74	117.42	13.44

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Star BUSINESS

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Air cargo charges double in fresh blow to RMG exporters as sea freight rate trebles

REFAYET ULLAH MIRDHA

Readymade garment exporters in Bangladesh have been dealt a fresh blow by a doubling of air shipment rates for cargoes flying out of Hazrat Shahjalal International Airport (HSIA).

The rate hike has piled additional pressure on the garment manufacturers who have been struggling for nearly a year to stay afloat amid a rush of order cancellations and rate decrease during the pandemic.

Airlines say they raised the rate because the growing demand for air shipment amid improving global outlook and squeezing of carrying capacity from the HSIA by 60 per cent over the last three months because of suspension of cargo and passenger flights by some international flight operators.

International airlines are also imposing a higher rate to make up the losses incurred between March and September because of the suspension of international flights and hiring staff at higher costs to load and unload goods at the airports.

Airlines are charging between \$3.20 and \$3.30 per kilogramme (kg) from the HSIA to any airport in the European Union without trucking facility.

Europe is the largest export destination for Bangladesh with a



Airlines cut cargo shipment capacity from HSIA by 60%

For European destinations, charges are now \$3.20/kg to \$3.3

In March last year, the rates were \$1.7-\$1.8

For US, the charges are now \$5.9-\$6.2

In March last year, the charges were \$2.8-\$2.85

Garment accounts for 80% of all air shipment

concentration of more than 60 per cent of the national export and 64 per cent of the garment shipment.

The rates are \$3.55 to and \$3.65 per kg with trucking facility – a facility provided by airlines to carry goods from the airports of destinations to buyers. In March, the rates were

\$1.70 to \$1.80. Suppliers who ship goods to North American markets have not been spared. Airlines are realising \$5.90 to \$6.20 per kg from the HSIA to airports in the US, way higher than \$2.80 to \$2.85 in March.

The higher shipment of masks, personal protective equipment (PPE), Covid-19-related gowns, bedsheets and isolation bed sheets coupled with the garment shipment have fueled the demand for air shipment from the HSIA.

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Acute container shortage partly to blame

DWAIPAYAN BARIUA, Ctg

Both import and export costs have risen after the sea freight rate trebled in two months because of an acute shortage of empty containers and a rise in demand on the Asia-Europe and transpacific routes.

More than 90 per cent of Bangladesh's \$100-billion external trade is seaborne.

Businesses say they are already facing higher import and export costs because of the rising sea freight rates.

Most of the mainline operators started raising freight charges in November because of the congestion at several ports in Europe and Southeast Asia for the coronavirus-induced lockdown, which created a shortage of empty containers.

Moreover, the demand from US and European retailers rose ahead of Christmas and New Year and the Chinese New Year in February.

According to the BBC News, a surge in demand for imports and logjam of empty containers are creating bottlenecks at UK ports.

On December 1, CMA-CGM, the world's fourth-largest container shipping line, announced to increase freight rates to \$1,175 per 20-foot containers and \$1,375 per 40-foot container for the routes between North Europe and North-West India.

On January 8, the shipping line hiked a new rate on the same route to \$2,000 for a 20-foot container and \$2,500 per a 40-foot container.

Muntasir Rubayat, head of operations of shipping agent GBX Logistics, said the rebound in economic activities in China and the peak in



STAR/FILE

An ocean-going vessel with containers on board is seen in the Karnaphuli river in Patenga.

demand for goods in the US and European markets ahead of Christmas and New Year holidays caused the shortage of containers globally.

"Chinese manufacturers are rushing to fulfil orders and are willing to pay higher freight rates," said Rubayat, adding that this led shipping liners and container owners to shift their containers to China to serve the inter-pacific routes between China and America.

As a result, there is a severe shortage of containers for intra-Asia trades and other trade routes, he said.

The slow return of containers from American ports has exacerbated the situation, as many liners do not want to bring back empty containers to Asia as it costs them. If Asian exporters

want the containers, the liners can transfer the cost onto them.

This is causing a long delay in shipments from other origins.

Local importers who have initiated to import commodities such as chick peas, lentil, peas and wheat from Australia, Canada, Egypt and other countries eyeing for next Ramadan are facing problems in receiving timely shipments.

In November, Chattogram-based BSM Group opened letters of credit to import a huge quantity of lentil, chickpeas and other goods from countries such as Australia, Russia, Canada and Ukraine. It is yet to get the shipment, said its chairman Abul Bashir Chowdhury.

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Amid pandemic, HK-based apparel maker trying to sell EPZ unit

REFAYET ULLAH MIRDHA

With production suspended amid the fallouts of Covid-19, the management of Hong Kong-based woven garments maker Kwun Tong Apparels is trying to sell off the unit inside Adamjee Export Processing Zone.

"I am looking for potential investors who can buy my factory," Sanjeev Tikam Mahtani, chairman of Kwun's sister concern Must Garment Corporation, told The Daily Star on Wednesday. He has a second garment factory in Bangladesh.

"I have been doing business over the last 40 years in Bangladesh. I have never faced such a big crisis in my life that I faced last year," he said over a WhatsApp call from Hong Kong.

"I sold the goods on a big discount and faced a big quantity of work order cancellations from my long time business partners, retailers and brands," said an emotional Mahtani while recalling his many personal and business attachments with Bangladesh.

One of his US-based retailers cancelled work orders worth \$20 million and another retailer had to be provided a discount of \$25 million.

The accumulation of such losses become too much for him to bear.

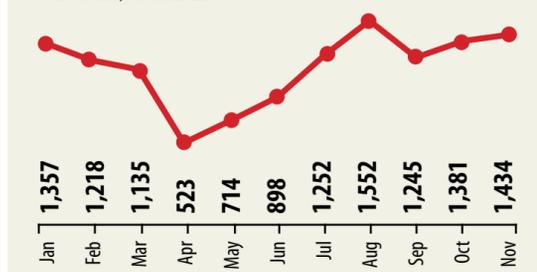
Mahtani said he invested \$50 million in the Kwun factory, which employed over 6,000 workers who were offered various facilities, such as mid-day meals, since its inception in 2006.

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Pent-up demand lifts spending through credit cards

CREDIT CARD TRANSACTIONS

In crore taka; SOURCE: BB



AKM ZAMIR UDDIN

Spending through credit cards continued to maintain an upward trend in November, a sign that clients are stepping up their consumption sidestepping the fear of economic losses stemming from the coronavirus pandemic.

Total card loans held by lenders stood at Tk 1,434 crore in November, up 4 per cent from that

a month earlier and 20 per cent year-on-year, showed Bangladesh Bank data.

The rise in transactions through credit cards is an indication of "pent up demand" in the economy as the majority of consumers had held back their spending during the lockdown and the subsequent few months, experts said.

Pent up demand refers to a situation when demand for a



service or product is unusually strong.

Economists generally use the term to describe the general public's return to consumerism following a period of decreased spending.

Spending through credit cards drastically went down in the second quarter of 2020 because of the strict restrictions on movement imposed by the

government to keep the deadly coronavirus at bay.

Credit cardholders registered a record amount of transactions to the tune of Tk 1,552 crore in August during Eid-ul-Azha, one of the biggest festivals for Muslims. The figure, however, came down sharply in September.

But the spending started to bounce back heavily since October.

Mashrur Arefin, managing director of City Bank, said their business from credit card has already widened more than that of the pre-pandemic level due to the pent up demand among consumers.

"We are now issuing a huge number of cards per month and the volume of transaction is also on the rise," he said.

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Cross-check data on crop output to avoid discrepancies

Agriculture minister asks agencies

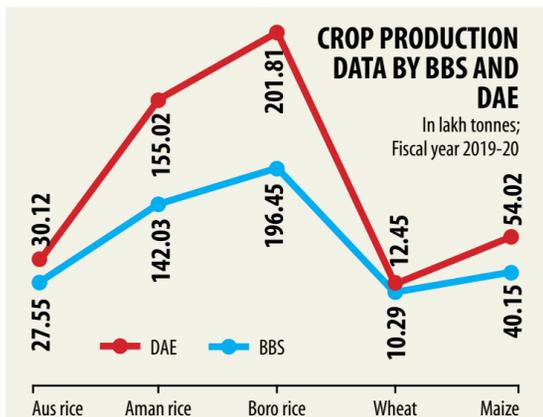
STAR BUSINESS REPORT

With government agencies giving varying crop production estimates, Agriculture Minister Muhammad Abdur Razzaque yesterday said it was necessary to cross check whether accurate data was coming from the field level of the Department of Agricultural Extension (DAE).

"There is a discrepancy in crop production data between the BBS (Bangladesh Bureau of Statistics) and DAE," Razzaque told a workshop at Bangladesh Rice Research Institute (BRRRI), according to a press release.

He shared these views at a time when the DAE estimates on crop production stand higher than that made by the BBS – a mismatch that affects proper decision making.

For instance, the DAE estimated that Boro rice production would



be 2 crore tonnes in fiscal 2019-20 while the BBS estimated it to be 1.96 crore tonnes. Meanwhile for maize



KONGKON KARMAKER

Farmers wait for customers at a paddy market in Dinajpur sadar recently.

production, the calculations were 54 lakh tonnes and 40 lakh tonnes respectively. Razzaque asked the agriculture

ministry and other agencies to cross check crop production data, according to the statement.

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Tk 10,000cr incentive for SMEs awaits final nod

STAR BUSINESS REPORT

The government is due to announce a Tk 10,000 crore incentive package already approved by the finance ministry to save small and micro enterprises (SMEs).

"The beneficiaries will get the incentive package at 4 per cent rate directly from microfinance institutions," said Md Ashadul Islam, senior secretary to the Financial Institutions Division, yesterday.

"Now the proposal for the package will be tabled before the cabinet as soon as possible and it would be forwarded to the Prime Minister's Office for approval," he said.

He was addressing a webinar on "Role of Palli Karma Sahayak Foundation (PKSF) during the pandemic of Covid 19", organised by the PKSF, which was founded by the government to finance rural development and provide training. According to him, banks could not reach the government's first incentive package to most of the entrepreneurs of micro and small firms as the state-run SME Foundation had no database on the informal sector.

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