China is paying a high price for its ban on Australian coal

REUTERS, *Launceston, Australia*

China is paying a high price for its unofficial ban on coal imports from Australia, with the cost of domestic and alternative foreign supplies rising for both thermal and coking grades of the fuel.

China, the world's biggest importer, producer and consumer of coal, has effectively ended imports from Australia, the biggest shipper of coking coal used to make steel and number two in thermal coal used to produce electricity, as part of an ongoing political dispute between the two nations.

The restrictions on imports from Australia came into effect in the second half of last year, resulting in China's imports dropping to virtually zero in the first two months of this year from a 2020 high of 9.46 million tonnes in June, according to Refinitiv vessel-tracking and port data.

However, China's consumers of imported coal have been facing higher costs, with prices for alternatives to supplies from Australia, both local and foreign, rising as the market adjusts to the unofficial ban.

In coking coal, the price of free-on-board Australian cargoes has been weakening since the ban was imposed, apart from the usual seasonal gain for the northern hemisphere winter.

The Singapore Exchange contract for Australian coking coal ended at $113.71 a tonne on Thursday, down 18.8 per cent from the $140 that it reached at the start of October, just as the Chinese ban was coming into effect.

If a Chinese importer switched from Australian cargoes to those from the United States, the price difference has entirely reversed since the ban started to affect flows.

Coking coal free-on-board at the US east coast port of Hampton Roads, as assessed by commodity price reporting agency Argus, has surged to $152.75 on Thursday from $114 a tonne at the start of October last year, a gain of 34 per cent.

This means that US coking coal is currently about $39 a tonne more expensive that supplies from Australia, and this doesn't account for the higher shipping costs given the longer distance from the US east coast to China.

China's domestic coking coal price has also been gaining since the restrictions on imports from Australia, with Dalian Commodity Exchange futures rising 16 per cent from 1,353 yuan ($206.56) a tonne at the start of October to end at 1,573 yuan on Thursday.

This price isn't directly comparable to the free-on-board prices in Australia and the United States, as it includes freight and other costs as well as import taxes and duties.

However, it does show that Chinese domestic prices have been pushed higher, partially reflecting the higher cost of imports from sources other than Australia.

China's neighbour Mongolia has become its biggest supplier of coking coal, meeting 61.7 per cent of imports in the first two months of this year, up from just 17.7 per cent in the same period in 2020, according to official data.

Australia's share of imports came down to zero from 68.4 per cent in January-February 2020, according to the data, while the United States boosted its share to 9.1 per cent from under 2 per cent, and Canada went to 12.1 per cent from 6.1 per cent.

While coking coal supplies from Mongolia are cheaper than those from seaborne alternatives, it's believed that they tend to track Chinese domestic prices, meaning it's likely that they have risen sharply as well, especially once transportation and washing costs are factored in.

For thermal coal, the main impact from the ban of Australian cargoes appears to have been strength in Chinese domestic prices, with benchmark coal at Qinhuangdao, as assessed by SteelHome, closing at 747 yuan a tonne on Thursday, equivalent to about $114.

While this is down from the winter peak of 1,038 yuan a tonne, it's still 22 per cent higher than the 612 yuan that prevailed at the start of October.

It's also believed that the Chinese authorities prefer a domestic thermal coal price in a range between 530 to 580 yuan a tonne, a level said to secure the profitability of mines while keeping electricity prices competitive.

China has turned to Indonesia, the world's top exporter of thermal coal, to plug some of the gap caused by the absence of Australian cargoes, as well as buying more from Russia and South Africa, two countries that can offer similar quality coal to Australia.

But boosting supplies from these countries appears to have done little to lower domestic prices, meaning Chinese users are still paying substantially more for the fuel than what they were prior to the ban of Australian coal.

EU proposes six-month tariff freeze with US

REUTERS, *Berlin*

The European Union has suggested that it and the United States suspend tariffs imposed on billions of dollars of imports for six months, EU trade chief Valdis Dombrovskis was quoted as telling Germany's Der Spiegel on Saturday.

That would go beyond a four-month suspension agreed last month, and send a signal that Brussels is seeking compromise in a 16-year-old dispute over aircraft subsidies.

"We have proposed suspending all mutual tariffs for six months in order to reach a negotiated solution," Dombrovskis told the news magazine.

"This would create a necessary breathing space for industries and workers on both sides of the Atlantic," he added.

In March, the two sides agreed on a four-month suspension covering all US tariffs on $7.5 billion of EU imports and all EU duties on $4 billion of US products, which resulted from long-running World Trade Organization cases over subsidies for planemakers Airbus and Boeing.

Dombrovskis also said the EU would closely monitor US President Joe Biden's "Buy American" laws which provide for US public contracts to be awarded exclusively to American firms.

"Our goal is to push for procurement markets that are as open as possible all over the world," he told Der Spiegel.

REUTERS/FILE

European Union flags flutter outside the EU Commission headquarters in Brussels, Belgium.

Banking hours extended as people rush to branches

FROM PAGE B1

Bankers of Sonali Bank, Southeast Bank, and South Bangla Agriculture and Commerce said many clients apprehended that banks might remain closed during the all-out lockdown.

Road Transport and Bridges Minister Obaidul Quader and State Minister for Public Administration Farhad Hossain on Friday said that the government was considering a strict lockdown for a week from April 14.

This has created the rush at the banks' premises to withdraw money as people feel comfortable keeping cash at hand at the time of crisis.

Yesterday's BB notice did not say anything about the banking hours during the strict lockdown period.

However, several central bankers have ruled out any closure of banks and suggested people not be worried. The central bank is working to keep available cash at automated teller machines.

Customers will also avail of banking services through digital platforms from anywhere and anytime.

The central bank has already increased the transaction ceiling under the booming mobile financial service (MFS) during the lockdown.

A client can now send Tk 200,000 per month instead of the previous ceiling of Tk 75,000.

Besides, people will not count any charge in sending a maximum of Tk 40,000 per month. Clients are allowed to send Tk 10,000 per transaction without any cost.

Earlier, an individual was charged Tk 5 to send money to another person.

Bank of America to deploy $1tr for sustainable finance by 2030

REUTERS

Bank of America said on Thursday it will deploy $1 trillion for its environmental business initiative to push for green finance by 2030, expanding on the $300 billion it had announced for the same project in 2019. The second largest U.S. bank said the latest announcement puts its total commitment to sustainable finance by 2030 at $1.5 trillion.

The initiative will help the bank's push for a greener economy through lending, capital raising, advisory and investment services to help low-carbon and other sustainable businesses, Bank of America said.

In February, Bank of America said here it would target net-zero greenhouse gas emissions before 2050.

The announcement was in line with steps taken by other top-tier financial institutions.

IMF sees Iran economy recovering this year but inflation still on the up

REUTERS, *Dubai*

The International Monetary Fund expects inflation in Iran to rise further this year and called for reforms as the economy recovers from the coronavirus crisis.

Iran was badly hit by the COVID-19 pandemic last year, which intensified economic pressures coming from sanctions that curb oil sales vital for the OPEC producer.

Inflation is expected to rise to 39 per cent this year from 36.5 per cent last year, the IMF has estimated.

"We expect the Iranian economy will turn into positive growth this year and next year," Jihad Azour, director of the IMF's Middle East and Central Asia Department, told Reuters.

The IMF had estimated in October last year Iran's economy would shrink by 5 per cent in 2020 but has revised upwards its estimate to a 1.5 per cent growth in 2020 and a 2.5 per cent growth this year, it said in its World Economic Outlook report last week.

"Going forward it's important to start dealing with some of the weaknesses that exist in the economy," Azour said.

"To address the issue of inflation it's important to address the issue of the multiple currency regime that exists in Iran, and this is something that would help not only address inflation but also improve the overall macroeconomic stability."

The Iranian rial official rate is set at 42,000 to the US dollar, but its market rate stood at around 250,000 against the dollar last week, according to foreign exchange website Bonbast.com.

Azour said improving financial inclusion, reforming the financial sector and state-owned enterprises should be a priority, as well as providing more space to the private sector, which would help create jobs.

Unemployment will rise to 11.2 per cent this year and 11.7 per cent next year from 10.8 per cent in 2020, the IMF has estimated.

The Islamic Republic asked the IMF last year for $5 billion in emergency funding to help it fight the coronavirus outbreak.

Azour said the request was still being studied "in order to get the necessary information to assess the balance of payment need and also the repayment capacity and debt sustainability."

Corporate tax may be cut

FROM PAGE B1

Atiur Rahman, former governor of Bangladesh Bank, said many things were being done for people who take loans and they were even getting access to the stimulus packages.

But nothing is done for those who deposit money, he said.

Sources said eminent economist Prof Rehman Sobhan raised doubts over whether recommendations taken at such pre-budget discussions from experts were taken into cognisance.

He said they were never informed whether their opinions or recommendations were taken into consideration during the formulation of the budget.

Finance Secretary Abdur Rouf Talukder said in the future they would inform the economists which of their recommendations have been incorporated.

The secretary also urged the discussants to send them their recommendations in written form.

Advance tax lifted for crude soybean, palmolein import

FROM PAGE B1

A good amount of refund claims got stuck earlier because of procedural bottlenecks. However, officials said the process of refunding excess amounts has been started.

Refiners have been demanding reduction of a 15 per cent VAT on edible oil on all three stages of the value chain on grounds that it was tough for traders to maintain records in line with the VAT law.

As a result, the burden of the indirect tax was passed onto the shoulders of consumers as the tax is added to the prices.

Md Shafiul Ather Taslim, director for finance of TK Group, said imposition of VAT on one of the stages instead of the three would be helpful.

An NBR official said the VAT was slapped on all three stages to ensure that businesses in this sector maintain proper books of accounts and pay tax and VAT properly.

Over the past couple of months, prices of edible oil, most of which has to be imported by Bangladesh to meet the annual domestic requirement, has been increasing, influenced by higher prices in the international market.

Yesterday, prices of a one-litre bottle of soybean oil were 2 per cent higher at Tk 135 to Tk 140 from Tk 130 to Tk 140 a month ago.

The prices are 28 per cent higher from that a year ago.

Palm oil prices increased 4 per cent to Tk 106 to Tk 110 per litre yesterday from Tk 102 to Tk 105 a month back, says data of market prices compiled by the Trading Corporation of Bangladesh.

Let factories run during lockdown

FROM PAGE B1

The Bangladesh Terry Towel and Linen Manufacturers and Exporters Association, the Bangladesh Garments Accessories and Packaging Manufacturers, and the Exporters Association of Bangladesh made the plea during the briefing at the Pan Pacific Sonargaon Hotel in Dhaka.

"The garment suppliers have been struggling to recover the losses they incurred during the first wave of the pandemic," said Mohammad Abdus Salam," acting president of the BGMEA.

Bangladesh exported garment items worth $34.12 billion in the fiscal year 2018-19. It came down to $27.94 billion in the last fiscal year.

Work orders worth $3.18 billion had either been cancelled or held up by international retailers and brands due to the fallouts of the epidemic. Later, 90 per cent of work orders have been reinstated with discount and delayed payment, Salam said.

"A similar situation may arise again if production is disrupted and timely shipment is missed," he said.

Adequate safety measures have already been taken at the factory levels to protect the workers from Covid-19 infections, said Shafiul Islam Mohiuddin, a former president of the BGMEA.

"Wearing masks is mandatory for workers. Washing hands, maintaining distances and using own transportation in case of long-distance travel have been put in place. In many factories, isolation rooms have been set up," Mohiuddin said.

Mohammad Ali Khokon, president of the BTMA, said there was a possibility of missing sales during Pahela Baishakh and Eid-ul-Fitr if local spinners, weavers and dyers could not run their production units.

Salam said two PCR (polymerase chain reaction) labs installed by the BGMEA were testing 200 patients every day.

Ganashasthya Hospital and Care Bangladesh are running a 10-bed isolation unit for female garment workers in partnership with the BGMEA. The BGMEA Hospital in Chattogram has been dedicated to Covid-19 patients, he said.

"If factories are closed, workers will have to go back to villages. Then they would likely to spread the virus or get infected by it. Such a situation will add to the difficulties of the workers, the factory owners, the government, and the country," said Kihak Sung, chairman of Youngone Group, a Korean conglomerate in Bangladesh, in a statement.

Speaking to The Daily Star, Amirul Haque Amin, president of the National Garment Workers Federation, said the government might keep garment factories open during the lockdown for workers' greater interest, timely payment to the workers, and timely shipments of goods.

"However, factory owners and the government will have to maintain adequate safety measures so that the workers are safe."

Although the factory owners have taken some measures, they are not adequate, and the steps should be strengthened, he said.

Data drives Robi revenue

FROM PAGE B1

Of them, 70.6 per cent are internet users.

Robi contributed Tk 1,115 crore to the government exchequer in the quarter, which represents 56.3 per cent of the quarter's revenue.

Robi Managing Director and CEO Mahtab Uddin Ahmed said their new spectrum acquisition in a recently concluded auction would enable high speed mobile internet. "

So, our internet user and revenue has been on a rising trend," he said.

"We are very proud to declare an interim 3 per cent cash dividend. We have observed that our profit after tax is being held back significantly by the impact of the 2 per cent minimum tax on gross revenue.

"Not just that, this unjust tax has also denied us the benefit of slightly reduced corporate tax rate (40 per cent) offered to listed telecom companies," he added.

"It is more concerning that our general shareholders are being deprived of the value despite significant contributions to the bourses," Ahmed said.

"We once again urge the authorities concerned to unshackle our business from this unjust tax."

Walton-Medtronic ventilators set to hit market finally

FROM PAGE B1

In March last year, the design of the Medtronic PB 560 model ventilator was unveiled in 35 countries around the world.

Walton was the first company in the world to have signed an agreement with Medtronic. Later, big companies from many other countries signed deals with it.

Ventilators are very important in the treatment of coronavirus patients. Within a few days of being infected, the patient's condition can deteriorate to a point where it can be difficult to save a life without this device.

Ventilators are now in great demand all over the world, including Bangladesh. But the supply is very low compared to that.

As of March, 629 ventilators were in use in the hospitals that are dedicated to treating Covid-19 patients.

MH Chowdhury Lenin, a public health expert and chairman of the medicine department at the Health and Hope Hospital in Dhaka, said oxygen is injected into the lungs by a ventilator. It is used when the human lung fails to function properly.

At present, 80 per cent of the patients who need it are being given ventilation facility, he said.

Md Nazmul Haque, director of the Dhaka Medical College Hospital, the country's largest state-run hospital, said the hospital has 20 beds in the intensive care unit and each has a ventilator.

"Had we had 5,000 ICU beds with ventilators, the demand for ventilators will not have fallen. The ventilator crisis has reached such a point."

Zunaid Ahmed Palak, ICT state minister, said: "We have got the permission for the initiative taken by Walton in April last year to make ventilators with the help of Medtronic."

"We will be able to bring it to the market very soon."

The ventilator could be sent to the international market for Tk 12 lakh to Tk 13 lakh, which is 30 per cent to 40 per cent lower than the current price, he said.

However, Walton and another company Minister Hi-Tech Park Electronics had also initiated projects separately to produce ventilators.

But for that initiative, they are yet to receive approval from the Directorate General of Drug Administration (DGDA).

Mostafizur Rahman, deputy operative director of Walton, said: "We have prepared a sample of the two ventilators of Walton's own model and submitted them to the DGDA for clinical trials."

"Some issues have been identified. Further improvements are needed. It will take some time."

Last year, Minister Hi-Tech Park imported raw materials to make 500 ventilators. The raw materials are lying in the warehouse. It has invested around Tk 18 crore for the ventilation project. But there has not been much headway.

Palak said Walton and Minister Hi-Tech Park had not received the approval for their respective initiative to make ventilators because the clinical trial had not been completed.

DGDA Deputy Director Md Salahuddin said: "We have not yet received the report on the clinical performance of the ventilators being produced by Walton and Minister Hi-Tech Park. We can't allow them to manufacture ventilators before getting the report."

Fear of low production grips onion seed growers in Faridpur

FROM PAGE B4

As a result, farmers unwittingly decimated the local bee population by using pesticides to prevent the attack of swarming caterpillars, he added.

Shahida Begum, a farmer of Gobindapur village, spent Tk 84 lakh to bring 35 acres of land under onion seed cultivation this year.

"At first we hoped to get 400 kgs of onion seed from each acre but the drought has ruined our dream," she said, adding that they would now probably get just 150 kgs of seeds per acre.

"I urged the Department of Agricultural Extension (DAE) to help farmers with the necessary advice so that they can somehow at least take home the seeds they still have on their land," said Abu Sayed Chowdhury, chairman of Ambikapur Union Parishad.

Around 15 to 20 per cent of the onion plants in Faridpur may have been destroyed by droughts, pests and a lack of pollination this year, said Ashutos Biswas, additional deputy director of the DAE office in Faridpur.

"Farmers do not listen to our advice. We suggested that onion pesticides should be sprayed on the field 20 days after planting and every 12 days after that, but farmers do not use any pesticides until pests attack their land."

"It is true that the number of bees was not sufficient as we expected but the farmers who cultivated sunflowers and Kushum flowers around their onion seeds by listening to our advice have not had any problem," Biswas added.