

CTG-ITALY SHIPPING
Songa Cheetah
gets on arrival
berth at Ctg
port

STAFF CORRESPONDENT,
Ctg

Container vessel MV Songa Cheetah that came directly from the Port of Ravenna in Italy got a berth at Chattogram port immediately after its arrival yesterday.

The vessel carrying 945 TEUs (twenty-foot equivalent units) of empty containers and seven TEUs of import containers reached the outer anchorage of the port at around 11:30am.

The ship got the berth at jetty No. 4 of New Mooring Container Terminal at around 1:15pm, said Mohammad Rashed, chairman of Reliance Shipping and Logistics Ltd, the ship's local agent.

Chattogram Port Authority Secretary Md Omar Faruk said the CPA had allowed the on arrival berth considering the importance of the new service. This would open a new door for the country's export trade.

The vessel had left the Port of Ravenna on January 17.

It may depart on Monday with 1,100 TEUs of export-laden containers, containing mostly readymade garments. With this, export goods would be shipped to a European destination directly from Bangladesh for the first time.

Italian shipping company Kalypso Compagnia di Navigazione has introduced the direct service with two small-sized vessels: Songa Cheetah and Cape Flores.

Due to Chattogram port's inability to accommodate large vessels, containers are first transported on small feeder vessels to four transshipment ports -- Colombo, Singapore, and Tanjung Pelepas and the Port Klang of Malaysia -- and some ports in China.

Then, containers are loaded onto bigger vessels before they are sent to their final destinations in Europe, the US and Africa.



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PHOTO: RAJIB RAIHAN

Bank of England calls for wage restraint to fight inflation

REUTERS, London

Two top Bank of England officials stressed on Friday the need for restraint on pay rises, drawing an icy reaction from unions and government, a day after the BoE sought to head off inflation running at a 30-year high by raising interest rates again.

Governor Andrew Bailey said rising wage pressure threatened the BoE's ability to keep a grip on inflation, even as households faced the biggest calendar year squeeze on their incomes since at least 1990.

"I'm not saying nobody gets a pay rise, don't get me wrong, but I think, what I am saying, is we do need to see restraint in pay bargaining otherwise it will get out of control," Bailey told BBC radio in an interview broadcast on Friday.

"We are looking, I think, to see quite clear restraint in the bargaining process because otherwise, as I say, it will get out of control. It's not at the moment, but it will do." Asked about Bailey's comments, Prime Minister Boris Johnson's spokesman said: "Well, it's not something the Prime Minister's calling for - we obviously want a high growth economy

and we want people's wages to increase."

Finance minister Rishi Sunak on Thursday said it was not his job to set private-sector wages, but that the right way to achieve higher wages was through greater productivity.

Britain's largest trade union, Unite, said working people were not to blame for the rising energy costs driving inflation.

"Workers don't need lectures from the Governor of the Bank of England on exercising pay restraint. Why is it that every time there is a crisis, rich men ask ordinary people to pay for it?," Unite's general secretary, Sharon Graham, said.

Bailey received a salary package and pension benefits worth 575,538 pounds (\$779,278) last year.

The hit to ordinary households' living standards is posing a major challenge to Johnson, who is also battling to keep his job after criticisms over social events in Downing Street during lockdown.

Sunak announced measures to ease the hit from a 54 per cent leap in energy costs in April, when higher social security contributions are also due to kick in.

BoE Chief Economist Huw Pill, asked by Bloomberg Television if he agreed

with Bailey's call for a slowdown in pay increases, said: "You're not going to get me to criticise my boss," before echoing some of the concerns.

"A key assumption in our forecast... is that we don't see from the middle of next year, persistence emerging in wage and domestic cost developments, stemming from these second-round effects," Pill said.

"It's that lack of that, the fact that policies including monetary policy do enough to avoid that, that is central to bringing our inflation back towards target. If we were to see developments that were not consistent with that assumption, then of course, we would have to think about further action."

On Thursday the BoE raised borrowing costs for the second time in two months, taking its Bank Rate to 0.5 per cent. Nearly half its policymakers wanted a bigger increase to 0.75 per cent.

The BoE said consumer price inflation - which was 5.4 per cent in December - was set to hit around 7.25 per cent in April on the back of surging energy costs before dropping, and post-tax income for working households would fall by 2 per cent this year.

Builders, raw material Dollar selling spree on despite

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In contrast, the selling price has been increased by only 37 per cent, they said, adding that this had forced rods to be sold at loss-inducing prices in most cases.

On top of this, if construction companies are allowed to import rods, the domestic industry will suffer and a large number of people will lose their jobs, they said.

Highlighting the situation, the BSMA demanded a reduction in all existing duties and taxes on scrap steel.

Public procurement rules and Central Procurement Technical Unit-issued gazettes allow price adjustments in government projects, said Baci leaders.

But most government-

funded projects do not include price adjustment clauses in their contracts, they said, calling for cost figures in government projects to be raised in tune with international market trends for raw materials.

Presiding over the meeting, FBCCI President Md Jashim Uddin called for resolving the problems in the construction sector through cooperation and dialogue.

Mir Nasir Hossain, former president of the FBCCI, joined online while Mostofa Azad Chowdhury Babu, senior vice president of the FBCCI, Ghulam Mohammed Alomgir, director of the FBCCI, Manwar Hossain, president of the BSMA, and Shahiul Haque Talukder, president of Baci, were present among others.

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Institute of Bangladesh.

There is room for the central bank to deprecate the local currency further, said Mustafizur Rahman, a distinguished fellow at the Centre for Policy Dialogue (CPD).

Both the government and the central bank should make a concerted effort to cut the import payments in order to keep the foreign currency reserves buoyant.

This is because the reserves declined to \$45.13 billion on February 2 after rocketing to \$48 billion, an all-time high, in August last year.

Banks have purchased US dollars from the central bank in exchange for the taka, squeezing money circulation in the economy.

The excess reserve of banks, deposited at their current accounts with the BB, went down to Tk 44,141 crore in December in contrast to Tk 32,052 crore

the month before.

Such reduction in money circulation helps curb inflationary pressures. But the ongoing global supply chain disruption is mainly responsible for the price increase in Bangladesh.

Mansur sees depreciation of the local currency as a major tool to control imports.

He also thinks that imports of industrial raw materials and capital machinery will not face any roadblock despite the appreciation of the greenback since the two ingredients are mainly used in producing exported items.

The increase in export earnings, which receive a boost in the event of the depreciation of the local currency, will easily offset the higher import payments, said Mansur.

A withdrawal of the 9-per cent lending cap, put in place by the government

since April 2020, will also help strengthen the taka, according to Mansur.

If businesses take out loans at higher rates than the current ceiling, the cost of finances will go up. This will also make the local currency stronger.

"The balance of payments will be in trouble if the ongoing situation persists," said Mansur.

The deficit in the current account was \$8.18 billion in the first half of the fiscal year in contrast to a surplus of \$3.51 billion during the same period a year ago.

Falling remittance is another factor for the inadequate supply of greenbacks in the market. Remitters sent home \$11.94 billion in the first seven months to January, down 20 per cent year-on-year.

CPD's Rahman laid emphasis on beefing up the central bank's monitoring to see whether there are any money laundering

attempts perpetrated by delinquent persons in the name of higher imports.

Launderers chiefly try to transfer money abroad in the guise of imports of capital machinery and industrial materials, a majority of which usually enjoy zero tariffs when they are brought in, he said.

"Both imported items have maintained an upward trend. The central bank and the National Board of Revenue should keep an eagle eye on the issue," Rahman said.

He called on the government to discourage the import of luxurious items.

"It is difficult to cut imports except those aimed at lavish goods," said Syed Mahabur Rahman, managing director of Mutual Trust Bank.

"The money market is now facing a bit tighter situation due mainly to the higher import payments."

Gold smuggling still a big challenge: NBR

STAR BUSINESS REPORT

Gold smuggling continues to remain as a big challenge while imports remain lukewarm in spite of all the government policy support to encourage entry of the precious metal through formal channels, said the revenue authority's chief yesterday.

"We frequently seize smuggled gold which shows that there is no decline in smuggling. It has become a big challenge for us," said National Board of Revenue (NBR) Chairman Abu Hena Md Rahmatul Muncem.

His comments come against the backdrop of around 5 kilogrammes of gold being seized by Chattogram Customs Intelligence last week.

Addressing the prize-giving on a lottery of receipts issued by traders using electronic fiscal devices at the NBR, he said gold was not solely related to the domestic industry.

There are many reasons for gold smuggling. It is used for many illegal activities, such as a medium of payment, he said, adding that tax evasion was not the only reason behind the metal being smuggled into the country.

He said he was unsure whether it would be possible to stop gold being smuggled into the country.

"However, we are trying to see whether gold smuggling is taking place for the import duty," he said, adding that the NBR would further examine the duty structure of gold to discourage smuggling.

BB awards 22 officials

STAR BUSINESS REPORT

Bangladesh Bank has awarded 22 of its officials for their outstanding performance for 2019.

Among them, two joint directors -- Md Kamrul Islam and Shadril Ahmed -- were given gold medals.

Islam played a crucial role in analysing the performance of Bangladesh's insurance sector, which was left unattended for a long time due to the scarcity of data.

His efforts also helped improve the institutional capacity of the Insurance Development and Regulatory Authority, and advance the data management of insurance companies.

Ahmed played a vital role in preparing and introducing the online-based "Market Infrastructure Module" at the BB for the primary auction and the secondary trading of government securities. The online platform replaced the cumbersome manual system.

BB Governor Fazle Kabir handed over the awards to the officials at a programme at the central bank headquarters in Dhaka on January 18.

Mohammad Monirul Islam Sarker, a deputy general manager, Md Rafiqul Islam, a programmer, and Sadika Akter, a joint director, were awarded silver medals.

Of the three, Sarker is engaged in formulating and implementing the country's monetary policy. Seventeen more officials were also given silver medals.

The central bank has been recognising its best employees by awarding them the "BB Employees' Recognition Award" every year since 2006.

Bitcoin mimics stocks rally, hits 2-week high

REUTERS

Bitcoin hit its highest in two weeks on Saturday, extending the previous session's strong gains as cryptocurrencies basked in a recovery in risk appetite and a rally in stock markets.

The world's largest cryptocurrency hit \$41,983, taking gains from Thursday's lows to nearly 16 per cent, and marking a 27 per cent rise from the year's low of \$32,950.72 on January 24.

Ether, the coin linked to the ethereum blockchain network, scaled the \$3,000 level for the first time since January 21. Friday's 11per cent-plus was the biggest single day gain for bitcoin since mid-June, and the first major bounce after weeks of being roiled, along with technology and growth stocks, by fears of faster-than-expected Fed rate hikes to curb a surge in inflation.

It came alongside a rally in US stocks, with the tech-heavy Nasdaq ending the week with gains despite the heavy volatility from earnings, including Amazon's robust growth and Facebook-owner Meta Platforms Inc's disappointing results.

Those synchronised moves showed how bitcoin has become far more of a mainstream asset, jolted by swings in risk appetite.

"The current panic and volatility surrounding bitcoin is based on a fundamental misunderstanding of it as an asset class," said Ed Hindi, chief investment officer of Swiss-based cryptocurrency hedgefund Tyr Capital.

First industrial

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Investors who plan to invest in the park will have to register with the Bida. Then they will be recommended to secure all investment facilities, including the bonded warehouse facility.

Bangladesh has major advantages in developing its leather industry, according to the ADB.

Leather from Bangladesh is highly reputed for its good quality, and leather goods and footwear factories are able to meet the high demands of foreign buyers, it said in an analysis in 2018.

The leather industry has the potential to develop the entire supply chain--starting from raw leather to leather processing, to production of footwear and leather products, domestically, said the Manila-based lender.

According to the feasibility study, the industrial park will help fetch an additional \$1 billion from the exports of leather and footwear products.

The sector earned \$941.67 million from the shipment of leather, leather goods and footwear in the financial year of 2020-21.

Farmers to get

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for availing all kinds of support and other facilities, according to some senior officials of the DAE.

However, the new smart cards will be linked to the farmers' national identity cards, making them more effective to get any support or service provided by the government.

So, area-based and demand-based agricultural services can be provided to each farmer using the smart cards as a digital identity, they said.

Besides, the exchange of necessary agricultural information will be ensured through digital analysis and management using the smart cards.

The project proposal has

been sent to the planning ministry, which will place it before the Executive Committee of the National Economic Council (Ecne) for approval, according to ministry officials.

In its forward note to the Ecne, the planning ministry opined that with the project's implementation, it would be possible to make digital agricultural profiles and distribute smart cards among farmers.

And it will be easier for farmers to take decisions and plan their agricultural production with the help of the information obtained through the analysis of agricultural data and proper management of information, it said.

Wheat consumption

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approximately \$824 million in fiscal year 2020-21, it added.

Besides, the cattle feed industry also consumes a large amount of wheat. That use in feed alongside residual use of wheat would rise to 6 lakh tonnes in MY 2021-22, up 20 per cent year-on-year.

The agency said wheat imports in Bangladesh were lower in the July-October period of 2021 for high world wheat prices and increased freight costs, with importers being cautious for apprehensions

over incurring losses.

Despite lower imports in the first four months of MY 2021-22, it expects higher imports in the latter eight months of the MY because of growing domestic demand for wheat flour and related products, establishment of new wheat flour mills, availability of Indian wheat, and government-to-government purchases from Russia.

The US agency said the retail price of wheat flour increased sharply due to rising consumer demand and higher prices in the

international market since September 2021.

"Depreciation of the Bangladesh taka against the US dollar is also increasing the price of wheat flour, as most wheat is imported," said the USDA.

As of January 2022, the taka rose 1.4 per cent against the dollar since July 2021, it added.

The agency said wheat prices had also been increasing between July and November 2021, though there was a slight decrease in December 2021.

Retail and wholesale prices of wheat in

December 2021 were Tk 29.23 per kilogramme and Tk 26.96 per kilogramme respectively, it said.

The recent hike in transport fares due to a fuel price surge is also increasing the prices of both wheat and wheat flour, it added.

The USDA also forecasted increased cultivation of paddy and production of rice in MY 2021-22 beginning with Boro season.

Total rice production is likely to increase 3.6 per cent year-on-year to 3.59 crore tonnes in MY 2021-22.