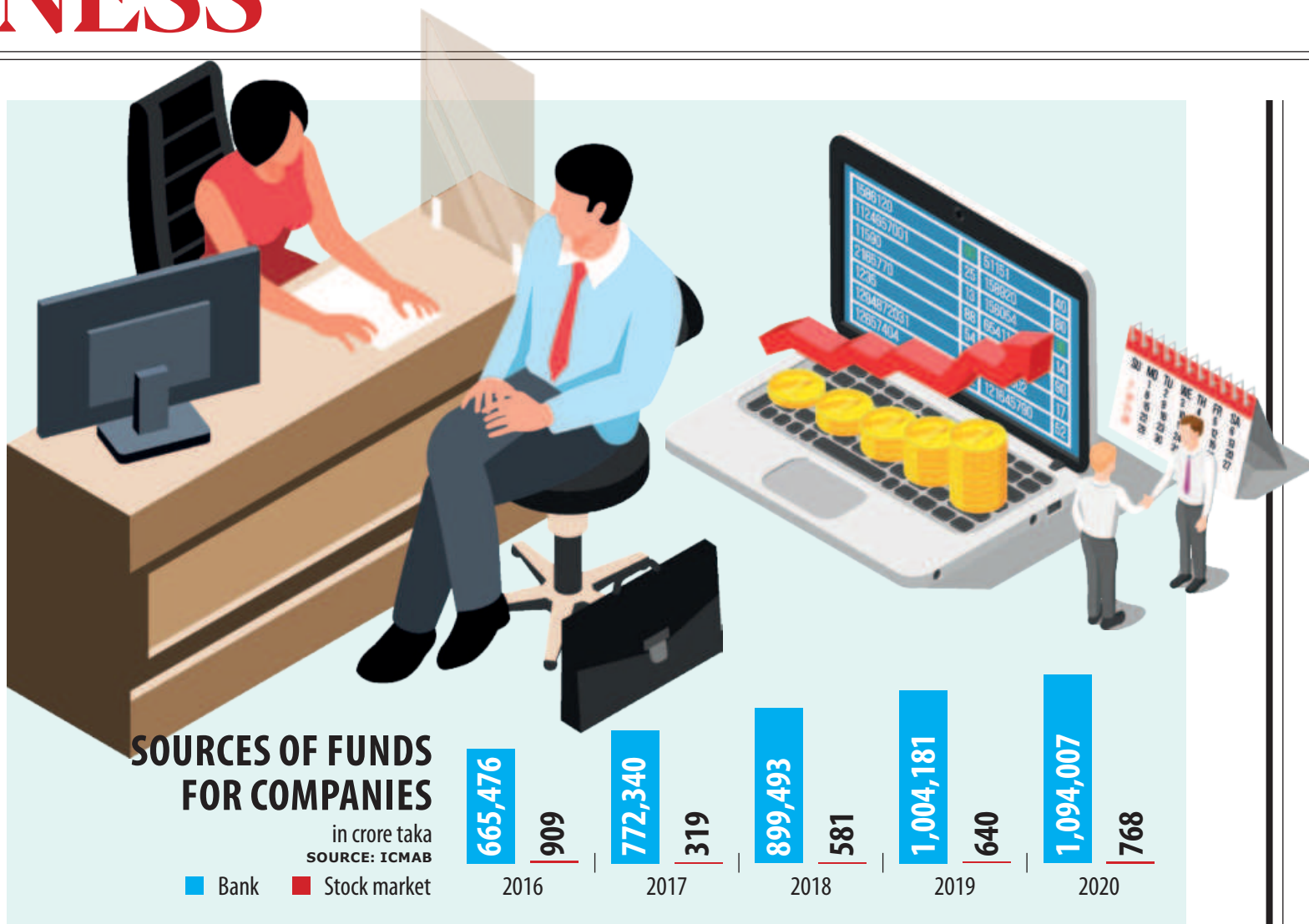


Eastland Insurance wins SAFA award

STAR BUSINESS DESK

Eastland Insurance Company Ltd won a certificate of merit for the "Best Presented Annual Report Awards 2020" by the South Asian Federation of Accountants (SAFA) in the insurance category. Abdul Haque, chief executive officer of the insurer, received the certificate from Md Shahadat Hossain, president of the Institute of Chartered Accountants of Bangladesh at the CA Bhaban auditorium in Karwan Bazar, Dhaka recently, a press release said.

Earlier, the company was also awarded with the "Best Corporate Award" by the Institute of Cost and Management Accountants of Bangladesh for four consecutive years.



Myanmar firm poised to control Telenor unit

REUTERS

Myanmar's military has given the go-ahead for a local company to own most of Norwegian telco Telenor's operations in the country, under a deal to be finalised shortly, communications seen by Reuters show.

Civil rights groups said the deal could put the data of 18 million people within the junta's reach.

The new information reviewed by Reuters shows Shwe Byain Phyu will own 80 per cent of the unit under a handover expected to be concluded within days. Lebanese investment group MI will own the rest.

Shwe Byain Phyu's chairman, Thein Win Zaw, has a history of business ties to the military, including, most recently, as an investor in Mytel, an army-owned telco, undated corporate records seen by Reuters show.

Long-term loans from short-term deposits weaken banks: experts

STAR BUSINESS REPORT

Heavy dependence on banks for long-term funding is weakening the financial health of local lenders, according to analysts.

And since a number of banks in the country are suffering from a huge amount of non-performing loans, entrepreneurs should turn to the stock market to raise funds if they need long-term capital, they said.

Their comments came at a seminar, titled "Barrier of listing of well-performing companies and its way out", organised by a business news portal, businesshour24.com, yesterday.

Prof Shibli Rubayat-Ul-Islam, chairman of the Bangladesh Securities and Exchange Commission (BSEC), said it is risky when banks provide large, long-term loans from their short-term deposits.

This is because the rate of non-performing loans is so high that if the provisioning system had been absent, many banks would have been bound to close.

"Doing business is full of uncertainties so when a company incurs losses and the entrepreneur defaults on loans, then all companies suffer, even well-performing ones," he said while addressing the event as chief guest.

"So, we are trying to bring the

companies to the stock market for meeting their capital needs but we are facing some challenges in this regard and solving them patiently."

The BSEC chairman went on to say that if a company seeking entry to the stock market properly submits all the relevant documents, then its initial public offering could be approved within seven to 30 working days.

Doing business is full of uncertainties so when a company incurs losses and the entrepreneur defaults on loans, then all companies suffer, even well-performing ones. So, we are trying to bring the companies to the stock market for meeting their capital needs.

"People go to banks for their capital needs because bank loans are easy to get," said Faruq Ahmad Siddiqi, a former chairman of the BSEC.

"So, as long banks have enough liquidity to finance long-term projects, entrepreneurs will not come to the stock

market. Besides, the domestic stock market does not match the country's economic vibrancy as it booms and bursts without any economic reason."

Compared to how Bangladesh's economy grew last year, the stock market did not perform at the same pace. Under the circumstances, only a few good companies have come to the stock market in the last few years.

"So, investors also suffer in finding good scrips to park their hard-earned money," Siddiqi said.

Although bourses are well-poised to provide long-term funding solutions, only 0.07 per cent of the country's financing needs were met through the stock market in 2020 while the rest came from banks, said Mamunur Rashid, president of the Institute of Cost and Management Accountants of Bangladesh.

"Tax evasion should be stopped by any means to bring the companies to the stock market. Companies often shy away from going public as they come under the BSEC scanner and other legal bindings once listed," he added.

Sayedur Rahman, president of the Bangladesh Merchant Bankers Association, Akter Hossain Sannamat, adviser to Businesshour24.com, and Amirul Islam, publisher of the online news portal, also spoke.

Peninsula hotel's earnings double

STAR BUSINESS REPORT

Earnings of Peninsula Chittagong, a posh hotel in the port city that is listed on the bourses, more than doubled in the October-December quarter of the current financial year of 2021-22.

Its earnings per share rose 120 per cent year-on-year to Tk 0.33 during the period, according to data posted on the website of the Dhaka Stock Exchange (DSE).

The hotel's half-yearly (July to December) earnings per share went up to Tk 0.64, which was Tk 0.42 in the same period of the previous year.

The EPS has increased due to a rise in net profit, net operating income and a decrease in tax rate compared to that in the previous year, the hotel said.

Its paid-up capital is now Tk 118 crore, according to the DSE data.

Sponsors hold 49.95 per cent stake in the hotel, while institutions hold 10.67 per cent and general investors the rest.

Xinjiang labour policies discriminatory

Says ILO

REUTERS, Geneva

An International Labour Organization committee has expressed "deep concern" about China's policies in its far western region of Xinjiang, calling them discriminatory and asking Beijing to bring its employment practices into line with global standards.

The report on the region, home to China's minority Muslim Uyghurs, risks stoking geopolitical tensions between China and the United States at a sensitive time for Beijing as it hosts the Winter Olympics.

The United States accuses China of genocide and along with other Western nations has imposed a diplomatic boycott of the Games over China's treatment of Uyghurs in Xinjiang. Allegations of rights abuses include some that are reviewed by the ILO committee, such as China's alleged use of forced and prison labour. China denies the accusations.

"The Committee expresses its deep concern in respect of the policy directions expressed in numerous national and regional policy and regulatory documents and requests therefore the government to ... review its national and regional policies with a view to eliminating all distinction, exclusion or preference," the report released by the UN agency on Thursday said.

Specifically, the committee asked China to repeal provisions "that impose de-radicalisation duties on enterprises and trade unions" in Xinjiang and to amend political re-education provisions. "As a ILO member state, the Chinese government is firmly committed to respecting, promoting and realizing the full access to productive and freely chosen employment and decent work for all Chinas ethnic minority groups including Uyghurs in Xinjiang," its diplomatic mission in Geneva said on Twitter.

Oil majors face backlash as era of big profits returns

AFP, Paris

Soaring energy prices have brought massive profits to oil majors – along with fierce criticism from environmentalists and politicians at a time when consumers are left with rising bills.

US firm ExxonMobil, France's TotalEnergies, and UK giants Shell and BP announced in the past week 2021 profits totalling a whopping \$66.7 billion.

It marked a huge turnaround from 2020, when they posted losses as the pandemic emerged, prompting lockdowns that brought the world economy to a grinding halt and caused crude prices to collapse.

But oil and gas prices rallied big time last year, surging to \$70 per barrel after briefly sinking into negative territory in 2020.

The main international and US contracts rose to seven-year highs in January and now sit at around \$90. Gas prices, meanwhile, hit records in Europe.

"Oil companies benefited from an extraordinary alignment of the planets," said Moez Ajmi, oil industry expert at EY consultancy.

In addition to higher energy prices, energy firms "cleaned up" their assets to only keep the most profitable ones, Ajmi said.

The companies also strengthened their cost-cutting policies which started in a previous price slump in 2014.

A gradual increase in output by OPEC

and its allies has also helped.

ExxonMobil went from a \$22.4 billion loss in 2020 to a \$23 billion profit in 2021. Shell was \$20.1 billion in the green last year after a \$21.7 billion loss in 2020.

TotalEnergies went from a historic \$7.2 billion loss to a 15-year high profit of \$16 billion.

BP's recovery was not as big, going from \$20.3 billion in the red to \$7.6 billion in the green.

Prices at the pump and utility bills, meanwhile, have gone up for consumers. BP said the result would allow it to accelerate "the greening" of the company.

But the performances at the companies triggered calls for a windfall tax on the profits of energy firms in the UK.

"These profits are a slap in the face to the millions of people dreading their next energy bill," Greenpeace UK's head of climate Kate Blagojevic said in a statement.

"BP and Shell are raking in billions from the gas price crisis while enjoying one of the most favourable tax regimes in the world for offshore drillers," she said.

"And these are the same companies responsible for pushing our world closer to catastrophic climate change."

Seeking to head off a political storm, the government of Prime Minister Boris Johnson announced last week a package of financial support after the state energy regulator lifted prices.

The opposition Labour Party said it was not enough.

China's soymeal prices hit highs

REUTERS, Beijing

China's soymeal futures soared to record highs this week on concerns about the scale of South America's drought-hit soybean crop and tightening meal supplies in domestic markets.

Elevated prices of soymeal, the top protein ingredient in animal feed, could lift production costs for Chinese hog farmers who are already struggling with huge losses, and may push some to exit the market, traders and analysts said.

The most actively traded soymeal futures on the Dalian Commodity Exchange rallied to 3,792 yuan (\$596.22) per tonne this week, the highest price on record, and up 13 per cent from before the week-long Chinese New Year holiday.

Mongla port turns around

FROM PAGE B1

to the Mongla port.

He suggested the MPA take preparations to increase handling and other facilities so that the port can respond to the spike in demand.

NS Guha Roy Nilaz, regional general manager of shipping and logistics service provider Karnaphuli Group in Khulna, said vessels with drafts up to 8.5 metres can come up to the Akram point and Harbaria.

Currently, fully loaded container vessels can't navigate in the channel because of the lower draft.

That is why the cost of shipping containers from the port is higher.

Ships with up to 9.5 metres draft will be able to come to the jetty following the dredging of the inner bar of the channel, he said.

"Then, we will see a higher volume of container cargoes, especially garments, coming for shipment through Mongla," Nilaz said.

According to him, what is needed now is to develop backup facilities. The establishment of off-dock is also necessary to facilitate export containers.

The port has space to establish inland container depots and it can be set up within 5 kms of the port, he said, suggesting that the customs authority revise the Inland Container Depot Policy depending on the situation and surrounding of the port instead of making a common rule.

Md Sultan Hossain Khan, president of the Clearing & Forwarding Agents Association, says services of the port and customs have improved.

"Users are also bringing more goods through the port now than in the past."

NBFIs barred from disbursing

FROM PAGE B1

NRB Global Bank and Reliance Finance who is believed to be living in Canada on fleeing from Bangladesh, is one of the people responsible for the vulnerable situation now plaguing the NBFIs sector.

He and his associates siphoned off around Tk 4,000 crore to Tk 5,000 crore from four NBFIs – International Leasing and Financial Services, FAS Finance & Investment, People's Leasing and Financial Services, and Reliance Finance.

Falling victim to the scams in recent years, a good number of the NBFIs are now unable to repay depositors in spite of their funds reaching maturity.

Non-performing loans in the country's 34 NBFIs stood at Tk 11,757 crore as of September last year, up 17 per cent year-on-year.

Shipping lines sceptical

FROM PAGE B1

include the local agents and branch offices of numerous global shipping lines, including Maersk Line, CMA CGM, Hapag Lloyd, Orient Overseas Container Line (OOCL), Cosco Shipping, Samudera Shipping Line, Mediterranean Shipping Company (MSC), Ocean Network Express (One), and HMM.

In the letter, Captain AS Chowdhury, general secretary of the BCSA, said the provision for consignees and shippers to stipulate the names of ICDs as the "port of delivery" or "port of shipment" in letters of credit (LCs) and bills of lading (BLs) would have wide-ranging implications on the shipping process.

According to the NBR policy, importers and exporters need to state an ICD's name in the LC or BL respectively if they intend to take import delivery or stuff export cargo at the ICDs. Mentioning that in case of imports, this would mean the carrier responsibility would end at the ICD while for exports the carrier would start handling containers from the ICDs, the BCSA opined that the inland haulage charge that was once the merchant charge would turn into shipping lines' charge.

This would require the shipping lines to update their freight charges to and from Bangladesh as well as their corresponding contracts with customers, it stated. Currently, shipping lines have individual commercial contracts with their choice of ICDs.

Chowdhury in the letter said the new provision would require shipping lines or main line operators (MLOs) to have contracts with all ICDs.

This would create problems for the shipping lines to reposition their empty containers as per the exporters' choice of ICDs as containers would be dispersed across all the ICDs for import delivery.

More importantly, to implement this provision shipping lines' systems need to be updated worldwide to facilitate the selection of individual ICDs from any given place of origin from any part of the world, he said.

"Updating these systems is not an easy undertaking as it would require a considerable amount of investment and time from shipping lines," the BCSA said in its letter.

Against this backdrop, the association urged the NBR not to impose the provision.

The association also expressed concern over how the new policy does not have any specifics on the much talked about "tariff committee", allowing ICD owners to fix charges on their own accord.

The tariff committee, as stipulated in the Shipping Ministry's ICD Policy formulated in 2016, was a means of relief for the trade, it said. The ICD Policy-2016 directed that a tariff committee comprising prescribed representatives needs to be formed to fix the charges of ICDs.

An official of a shipping agent said that in November last year, some ICD owners increased their charges by 23 per cent based on the hike in diesel prices even though there were some items on which the increased prices should not have had any impact.

The BCSA also opposed the provision that prohibited the use of ICDs for handling Less-than-Container Load (LCL) import containers.

Mentioning that it is a common occurrence for import-export activities to exceed the storage capacity of Chittagong Port due to delays in container delivery, the BCSA stated that arrangements need to be made to handle LCL cargoes outside the port in order to keep enough free space inside.

The association opined that shipping lines, the most important stakeholders of the ICDs, should be given an opportunity to share their thoughts on the draft policy during the formulation.

Assuch, it urged the NBR to address and resolve these issues in the best interest of the country's import and export activities.