



With the Padma Multipurpose Bridge set to officially open to the public on June 25, the approach roads and expressways built by some local companies on both sides of the bridge will soon be bustling with activities.
PHOTO: SK ENAMUL HAQ

Padma Bridge a morale booster for local contractors

Bangladeshi contractors now aspire to take bigger projects

SOHEL PARVEZ

Construction of the Padma Multipurpose Bridge has given a huge morale boost to local developers that were engaged in building approach roads and other facilities related to the Tk 30,200 crore bridge, which is the largest in Bangladesh.

While the main bridge has been constructed by China Major Bridge Engineering Co Ltd, several local companies, namely Abdul Monem Ltd (AML) and Property Development Ltd (PDL), had been engaged in building approach roads and 4-lane highways on both sides of the bridge.

The bridge, which will connect the southwest region to the rest of Bangladesh, is expected to spur economic growth in the country for increased connectivity and economic activities.

As the much-talked-about 6.15-kilometre bridge is set to open to the public from June 25, contractors said completion of their tasks has given them courage and strength to take bigger challenges.

"It is one of the biggest infrastructures of Bangladesh. It has given us exposure, confidence and moral courage that Bangladesh can do it. Being part of the project, this exposure gives us the courage to take bigger projects and challenges," said Mohiuddin Monem, additional managing director of AML, in a recent interview.

With manpower of more than 5,000, the 66-year-old construction unit of AML was engaged in building many of

the key infrastructures that include a number of challenging projects, such as the 44-kilometre Khulna-Mongla highway which was constructed in 1984.

Building on that past experience, the company has been engaged in some of the biggest development projects, namely runway overlays for the Shahjalal International Airport in Dhaka, Osmani International Airport in Sylhet, and ongoing construction of the metro rail and airport flyover.

In case of the Padma Bridge Project, its initial journey was not that smooth.

When AML got the job, the project had been in a standstill situation because of the cancellation of a \$1.2 billion credit from the World Bank for the bridge.

The activities gained momentum in July 2012 only after Prime Minister Sheikh Hasina decided to build the mega infrastructure with Bangladesh's own funds.

Yet it was not easy for AML to get financiers to help it provide performance guarantees to do the works involving Tk 1,700 crore as financial institutions were least interested to stand by the constructor.

"This is because it was the last year of the then Awami League-led government and so, there was uncertainty whether the potentially new government would continue the project," said Monem.

"There was a spillover effect on us. None was walking around the Padma Bridge. Eventually though, we managed to convince financial institutions to arrange performance guarantees on our behalf so that we could start work," he

added.

"We were determined. We went all the way to carry out the project because we thought it would be a national pride and we wanted to be part of this."

Construction of the approach road was no less challenging as the infrastructure developer had to bring equipment from Germany to stabilise the soil before beginning construction after finding that conditions were not favourable.

value addition would be 60-70 per cent, he said.

Having accomplished the tasks of making a portion of the highway and approach road to the bridge, AML boasts on its success on being a part of Padma Bridge.

"It is not anything but world class. You will experience when you will travel on the road," Monem said.

He also thanked Bangladesh Army for its support to the whole project.

PDL also has similar claim.

"This is the highway where you will not feel any jerk during travel," said RN Paul, managing director of RFL Group, which has built 8.5 kilometres of roads in 32-kilometre 4-lane highways from Postogola to Padma Bridge in Mawa.

PDL developed a half-kilometre approach road on the Zajira and Shariatpur part of the bridge said apart from doing asphalt paving on the bridge, it has approach roads.

The total value of PDL's contract was Tk 800 crore.

"Usually, we would construct smaller roads. For this bigger work, we had to do a lot of R&D (research & development). Now we have proven that we can do quality works. This is going to be our big strength," he said, adding that the company had to do some works several times to ensure quality.

Paul said local companies have gained the experience of constructing expressways and involvement of homegrown constructors will reduce pressure on the foreign exchange.

"We have learned a lot regarding infrastructure development," Paul said.



THE BRIDGE OF PRIDE

"We waited for one year for the soil to settle," Monem said, adding that the effort proved beneficial as the road provides a smooth ride.

But even after that, AML managed to complete its work within the deadline. Besides, the company finished construction with Tk 100 crore to spare from the estimated cost given by the authority.

To build the approach road for Padma Bridge, AML, used locally made materials, sans bitumen. As such, local

Sovereign debt: a matter of concern for many nations

MAMUN RASHID

Sovereign debt, which is usually in the form of securities, is issued by a nation's government to borrow money and may also be referred to as government debt, public debt, and national debt. This borrowing is done for a variety of reasons, from financing public investments to boosting employment.

The level of sovereign debt and its interest rates will also reflect the saving preferences of a country's businesses and residents, as well as the demand from foreign investors. Countries with stable economies and political systems are typically viewed as having better credit risks, allowing them to borrow on more favourable terms.



When investing in sovereign debt, bondholders monitor a sovereign entity's political stability and financial environment to determine the risk of sovereign default. Although sovereign countries are not subject to bankruptcy laws, as is the case with companies and individuals, cases of sovereign default are common and are preceded by an economic crisis.

Sri Lanka was so great until it wasn't. Sri Lanka was destined to be the Singapore of South Asia. The macro-economic strength of the country was rated as investment-grade by global ratings agencies and many central banks invested in Sri Lankan sovereign bonds to diversify their reserves.

A few years ago, Sri Lanka seemed to be on the right track. Tourism was booming, with mega-infrastructure projects making headlines worldwide. Today the country is insolvent, and prices are skyrocketing.

The island nation has leapt into a deep economic crisis. With more than \$50 billion in external debt and a shortage of foreign exchange reserves, the country is currently struggling to pay for essential imports. This has led to sharp increases in the price of essential commodities like rice, fuel, and milk.

Recently, there have been warnings made towards Bangladesh of the current crisis in Sri Lanka. However, one should keep in mind that the nature of Sri Lanka's economy is different from that of Bangladesh

Sri Lanka's foreign debt obligations for this year exceeded \$7 billion. But the country's forex reserves as of March 2022 are just \$1.6 billion.

Recently, the country announced a default on all its foreign debts. Now Sri Lanka is hoping for a bailout from the International Monetary Fund (IMF) to save it from the worsening crisis.

The main source of the crisis came from the mismanagement of its macro-economy as the country leveraged high-interest bilateral loans without making a thorough need assessment and returns from investment analysis.

Should we compare Bangladesh to Sri Lanka? One could say Bangladesh is also rising and is considered to be just as great (if not even greater) than what Sri Lanka was promising to be in the very recent past. So, it begs the question of whether Bangladesh should also be worried.

Recently, there have been warnings made towards Bangladesh of the current crisis in Sri Lanka. However, one should keep in mind that the nature of Sri Lanka's economy is different from that of Bangladesh.

There is no shortage of food production in Bangladesh and its main food is not import-

READ MORE ON B2

Germany risks recession as gas crisis deepens

REUTERS, Berlin/Copenhagen

Germany faces certain recession if already faltering Russian gas supplies completely stop, an industry body warned on Tuesday, as Sweden joined a growing list of European nations rolling out emergency plans to cope with a deepening energy supply crisis.

European Union countries from the Baltic Sea in the north to the Adriatic coast in the south have been outlining measures to cope with a supply crisis after Russia's invasion of Ukraine.

The EU relied on Russia for as much as 40 per cent of its gas needs before the war - rising to 55 per cent for Germany - leaving a huge gap to fill in an already tight global gas market. Some states have temporarily reversed plans to shut coal power plants in response.

Global gas prices have sky-rocketed, driving surging inflation higher still and creating a bigger headache for policy makers trying to haul Europe back from an economic precipice.

Germany's BDI industry association slashed its economic growth forecast for 2022 on Tuesday to 1.5 per cent, revising it down from 3.5 per cent expected before the war. It said a halt in Russian gas deliveries would make recession inevitable.

Russian gas is still being pumped via Ukraine but at a reduced rate and the Nord Stream I pipeline under the Baltic, a vital supply route to Germany, is working at just 40 per cent capacity, which Moscow says is because Western sanctions are hindering repairs. Europe says this is a pretext to reduce flows.

READ MORE ON B2



An employee of Uniper Energy Storage walks through the above-ground facilities of a natural gas storage in Bierwang, southern Germany, on June 10.

PHOTO: AFP

US in talks with allies on Russian oil price cap

REUTERS, Toronto

The United States is in talks with Canada and other allies to further restrict Moscow's energy revenue by imposing a price cap on Russian oil, Treasury Secretary Janet Yellen said on Monday.

"We are talking about price caps or a price exception that would enhance and strengthen recent and proposed energy restrictions by Europe, the United States, the UK and others, that would push down the price of Russian oil and depress Putin's revenues, while allowing more oil supply to reach the global market," Yellen told reporters in Toronto.

"We think a price exception is also an important way to prevent spillover effects to low income and developing countries that are struggling with high costs food and energy," Yellen

READ MORE ON B2