Ctg port plagued by container, cargo congestion

Import-laden containers are piling up at the Chattogram port as the rate of deliveries has not picked up since the Eid vacations, leaving a ripple effect on the period required for vessels to stay at anchor.
PHOTO: COLLECTED

DWAIPAYAN BARUA, *Ctg*

The Chattogram port is facing a fresh surge in both container and cargo congestion mainlydue to slow delivery of goods for ten days since the Eid vacation, disrupting scheduled departure and berthing of vessels.

Apart from the pile-up of import containers, the port's yards and sheds are also overcrowded with bulk cargo.

This has prompted the authority to threaten of raising the wharf rent fourfold from July 25 if importers do not speed up taking deliveries of bulk cargo.

Deliveries of both import-laden containers and bulk cargo has slowed down since the Eid-ul-Azha vacation last week.

It is causing overstays of vessels at jetties, which is leading to berthing delays for incoming vessels.

As of Wednesday, there were11 container vessels waiting for berthing at the outer anchorage.

The port last saw the usual pace of deliveries on July 7, the last working day before Eid, when 4,721 TEUs (twenty-foot equivalent units) of import-laden containers were delivered.

Though port operations, such as loading and unloading of containers and cargo, were suspended for only one shift on Eid day on July 10, deliveries started running slow since July 8 when the weekend started.

On the following 10 days till July 17, the average daily deliveries from the port stood at less than 2,000 TEUs. Usually, the figure stands at over 4,500 TEUs.

Due to such poor rate of deliveries, import containers are piling up at different yards.

The yards dedicated for storing full container loads (FCL), meaning shipments or cargo which required the full space of the container, are facing the worst scenario.

As of Tuesday morning, a total of 41,287 TEUs FCL containers were lying at those yards, exceeding their capacity of 40,368 TEUs.

The rate of deliveries, however, started improving since Monday and in last two days it crossed 4,000 TEUs.

But port users fear that the pace may decline again as there are weekends ahead.

Such congestion is forcing longer stay of vessels at the jetties.

Geared vessels, meaning those having on-board cranes, usually leave jetties in three days completing discharging import-laden containers and loading export-laden and empty ones.

Gearless vessel, that do not have cranes on board, usually require 48 hours for the same job.

A geared container vessel, Maersk Hai Phong, berthed at GCB jetty No 10 on July 16 and was supposed to leave the port on Tuesday.

The departure scheduled was deferred to yesterday.

Its local agent doubt whether even that would be possible and presume it would be on July 21.

An official of the ship's local agent said space scarcity in the yards were forcing vessels to take an additional one or two days for completing loading and unloading.

In a similar situation, MV Cala Paguro, which got berthing on July 16, deferred its scheduled departure on Tuesday.

Another vessel, Maersk Nusantara, which got berthing on July 15 and was supposed to leave on Monday, had to stay a day more and left Tuesday due to delays in loading and unloading.

As vessels are not leaving jetties on time, vessels waiting for berthing are also facing delay.

Two vessels, OEL Colombo and BLPL Trust, which arrived at the outer anchorage on July 16 and July 17 respectively and were scheduled to get berthing on Tuesday, had to witness their schedule being cancelled.

Muntasir Rubayat, head of operations of GBX Logistics, the local agent of BLPL Trust, said the vessel had to wait a day and berthed yesterday.

He said if importers do not speed up taking deliveries, there would be a scarcity of space in the yards and until the delivery rate normalises, discharging goods from vessels would not turn smooth.

"The deliveries gained some pace from Tuesday but again it would decline on the incoming weekends on Friday and Saturday," he said.

Contacted, Chattogram Port Authority Secretary Md Omar Faruk said the situation has already started improving and the delivery rates would normalise within two or three days.

Singer sees profit fall in Q2

STAR BUSINESS REPORT

Singer Bangladesh, a leading home appliance manufacturer and retailer, posted 51.55 per cent lower profit in the second quarter of 2022.

Singer's earnings per share (EPS) were Tk 1.40 in the April-June quarter as against Tk 2.89 in the same period last year, the company said in a filing on the Dhaka Stock Exchange yesterday.

The EPS was Tk 2.31 in the January-June period against Tk 4.69 in the same period of 2021, down 50.74 per cent year-on-year.

Its net operating cash flow was Tk 36.07 in the negative in the first half of 2022 compared to Tk 36.92 in the negative during the same period of 2021.

Singer's net asset value, which represents the net value of an entity, was Tk 30.38 per share on June 30 this year and Tk 34.06 on December 31 last year.

Stocks extend losses

STAR BUSINESS REPORT

Most shares on the Dhaka Stock Exchange fell yesterday amid persisting uncertainty, deepening energy crisis and runaway inflation.

The DSEX Index, the benchmark index of the Dhaka Stock Exchange, declined for the seventh consecutive day as it closed at 6,138 after losing 14.39 points, or 0.23 per cent.

The DSES Index, which represents Shariah-based companies listed on the bourse, lost 0.13 per cent to 1,346, while the DS30 Index, which consists of the blue-chip companies, declined 0.32 per cent to 2,206.

Of the securities that changed hands at the premier bourse of Bangladesh, 110 advanced, 218 declined and 53 did not see any price movement.

The stocks extended their losing streak amid a confidence crisis, said International Leasing Securities Ltd, a brokerage house, in its daily market review.

Investors' confidence has been dented for the dragging war in Ukraine, which has caused energy crisis and supply chain disruptions and sent inflation to record levels in Bangladesh and many other countries.

LafargeHolcim delivers strong quarter

STAR BUSINESS REPORT

LafargeHolcim Bangladesh has reported strong quarterly results for the April to June period of 2022 riding on higher sales.

The cement maker's profit rose 10 per cent to Tk 122 crore in the quarter. It was Tk 111 crore in the same period last year.

Net sales increased 6 per cent to Tk 501 crore, said the company in a press release yesterday.

Riding on the better quarterly performance, the multinational company's half-yearly profit rose 1 per cent to Tk 217 crore and sales edged up 2 per cent to Tk 1,127 crore.

Rajesh K Surana, chief executive officer of LafargeHolcim Bangladesh, said the company navigated through challenging times due to the increased cost of freight and raw materials globally.

Trust Bank posts lower profit in Q2

STAR BUSINESS REPORT

Trust Bank registered a lower profit in the April-June quarter of 2022 compared to that in the period a year ago.

Its consolidated earnings per share stood at Tk 1.03 in the 2022 period whereas it was Tk 1.28 a year ago, said the bank in a Dhaka Stock Exchange website post yesterday.

Its consolidated EPS stood at Tk 2.22 in the January-June period compared to Tk 2.20 in the first half of 2021, according to the company's unaudited financial statements.

Its consolidated net operating cash flows, the measure of a firm's financial strength, stood at Tk 22.22 in the January-June period of 2022 whereas it was Tk 2.40 in the negative during the same period last year. Its consolidated net asset value per share stood at Tk 28.51 on June 30 this year and Tk 27.93 on June 30 last year.

BB takes

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The new timeframe will remain effective till December 31, 2022.

However, the extended usance period will not be applicable for imports made on loans from the EDF.

The move is aimed at reducing the outflow of foreign currency for the time being.

A Bangladesh Bank official said the country's foreign exchange reserves are now under stress considering the blistering surge in import payments due to disruptions in the global supply chain.

So, the central bank is putting in effort to shield its reserves from the declining trend, he added.

Md Serajul Islam, spokesperson of Bangladesh Bank, said they had injected $15 million into the market yesterday in order to keep it stable.

"Such intervention may continue in the days to come if required," he added.

Earlier this week, the reserve stood at $39.70 billion in contrast to $46.15 billion in December last year.

Idcol to get $256.5m

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Set up in 1997, Idcol is a government-owned non-bank financial institution working to catalyse private sector investment in areas such as renewable energy and infrastructure.

The signing ceremony was held virtually while Sharifa Khan, chairman of Idcol and secretary to Economic Relations Division, and Yannick Glemarec, executive director of the GCF, were present, said a press release.

This is the first concessional GCF credit line for Bangladesh, as well as the first private sector financing of the GCF in the country.

This fund will catalyse climate finance in low-emission and climate-resilient development of the industrial sector, read the statement.

Had no certificate

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It recommended the monitoring institutions concerning industrial safety related to dangerous chemicals to regularly check the licencing, registration and certification and renewal of these documents.

The authorities include the National Board of Revenue (NBR), the Chittagong Port Authority (CPA), customs, navy, fire service, environment department and boiler authority.

Since a large number of authorities are involved with different roles and responsibilities, proper coordination needs to be assured, recommended the study. It recommended the need for a central authority to monitor the effective functioning of the laws, rules, protocols and other related compliances.

The CPD conducted the study after the deadly fire and explosion at BM Container Deport in Sitakunda on June 4.

In the incident, 51 people died, over 200 people were injured and assets worth $ 110 million were lost.

CPD Research Director Khondaker Golam Moazzem, who jointly conducted the study titled "Industrial Safety Concerning Chemical and Hazardous Products Supply Chain: What Lessons We Learned from Chittagong ICD Blast?", presented its findings at a media briefing yesterday.

Bangladesh imports all 15 chemicals considered as hazardous according to different international accords. The volume of the import of some has been increasing. The study mentioned that safety protocols maintained by CPA with regard to hazardous chemicals seemed to be inadequate.

It recommended giving special attention to safety measures at the Chattogram port as it handles a majority of the imported hazardous chemicals.

While presenting the findings of the study, Moazzem said most of the ICDs were found to be non-compliant over different aspects while several continue to run without timely renewal of licences.

Ten of the 19 private ICDs including BM Container Depot set up diesel pumps within their compounds without availing no-objection certifications from Bangladesh Petroleum Corporation, he said.

Some 13 ICDs do not have fire hydrants while the remaining ones started installing fire-extinguishing facilities after the BM fire, he added.

Since industrial use of chemicals as well as setting up of chemical manufacturing units are on the rise in the country, there is a heightened risk of related fires in the future, said Moazzem.

The supply chain of hazardous chemicals is linked to production, transportation, storage at the ICDs and shipment of these goods through the port, he said.

He underscored the need for focusing on safety concerns in handling such chemicals on every segment of the value chain.

He said protocols of the International Maritime Dangerous Goods (IMDG), meaning the international code for the maritime transport of dangerous goods in packaged form, were not being followed in Bangladesh.

Other than the navy and customs, no other certification providing and licencing authority has separate or specific clauses for handling hazardous chemicals, said Moazzem.

He stressed on the need for focusing on safety-related concerns of hazardous chemicals from an industrial safety framework point of view considering all important steps of the supply chain.

These include compliance with registration, licencing, certification, standardisation, a common set of protocols, compliance guidelines and standard operating procedures for management and operations considering occupational safety and health.

There are 20 ICDs in the country, including 19 privately-owned ones in Chattogram and a CPA-owned one in Kamalapur of Dhaka, with a storage capacity of 78,700 TEUs (twenty-foot equivalent units).

The ICDs or off-docks are operated privately as an extension of the port terminal facility and handle containers over the import of 38 select items, all export containers and empty containers.

Govt targets lower export growth

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Two more sectors -- plastic and light engineering -- have the potential to earn more than $1 billion in the near future as they have higher demand in the global markets, said Abdur Rahim Khan, additional secretary of the commerce ministry.

The target for agricultural products has been fixed at $1.3 billion against $1.10 billion in FY22. Leather and leather goods exporters have been given the task of generating $1.3 billion in FY23 from $1.11 billion a year ago and jute and jute products exporters $1.2 billion, from $1.05 billion a year earlier.

Home textiles are expected to earn $1.8 billion in FY23, which was $1.46 billion in FY22. Some $604 million are being targeted from the sales of frozen and live fish and $964 million from engineering products.

Offer prompt services

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related to electronic fund transfers (EFT).

The BB asked to settle the said issues within three working days.

The cheques presented for clearing houses will not be returned to clients without any valid reason.

Clients will not be compelled to open separate deposit accounts with the banks while depositing money for purchasing savings instruments.

A BB official said a good number of clients had recently submitted complaints to the central bank, saying they were frequently facing several kinds of problem while investing money in government instruments.

Against this backdrop, the central bank issued the notice asking banks to provide services promptly.

Oil price windfall tests Gulf's fiscal discipline

REUTERS, *Dubai*

A petrodollar windfall is helping some Gulf Arab states pay down debt and providing cash for others to diversify their oil-reliant economies, but it is also testing commitments to fiscal discipline as governments try to shield citizens from inflation.

Gulf oil producers have promised more prudence this time as crude prices have spiked higher, seeking to learn the lessons of previous periods of plenty that rapidly turned into eras of belt tightening and deep deficits.

The six Gulf Arab states - Saudi Arabia, the United Arab Emirates, Kuwait, Qatar, Bahrain and Oman - are on track for budget surpluses, some for the first time in a decade, with the help of buoyant oil prices and years of fiscal reforms.

Now, say analysts, they must hold this conservative line.

"The temptation to revert to pro-cyclical spending is real, especially as governmentcontracting continues to drive economic activity in the largest economies, like Saudi," said Karen Young, senior fellow at Middle East Institute in Washington.

Some signs are encouraging. Saudi Arabia, Kuwait and Bahrain have cut spending in their current budgets, although the UAE, Qatar and Oman are spending more. Most budgets were drawn up before Russia invaded Ukraine, which helped send oil surging from below $80 a barrel at the end of 2021 to above $100 now .

Rocketing crude prices and other inflationary pressures have prompted central banks around the world to jack up interest rates, notably the US Federal Reserve. With most Gulf Arab state currencies pegged to the dollar - except for Kuwait's, which is linked to a currency basket - they have largely followed suit.

But inflation at home, even if not as high as elsewhere, has encouraged some, such as Saudi Arabia and the UAE, to boost state spending on social welfare to help citizens.

"The expectation is that inflation is not going to go out of control, but the pressures are there," said Ravi Bhatia, director and lead analyst at S&P Global Ratings. "I don't think it's going to be a game changer on the fiscal front."

Annual inflation in the UAE, the only Gulf state with no cap on vehicle fuel prices, rose to 3.3 per cent in the first quarter, its highest since August 2018. Petrol prices have jumped by 60 per cent since February.

Seeking to offset such price pressures on citizens, Kuwait, which faced a liquidity crunch in 2020, has approved a one-time grant for pensioners totalling almost 600 million dinars ($1.95 billion). Oman has cut electricity tariffs for households.

But Gulf states are increasingly aware that the world's long-term shift away from fossil fuels puts a limit on this oil bounty, adding impetus for them to spend more of their cash windfall on diversifying oil and gas-reliant economies.

Saudi Arabia, the UAE and Oman, for example, have all outlined plans to develop production of 'green' hydrogen, made by splitting water using renewable energy.

Gulf sovereign wealth funds are also playing a part in broadening the role of private enterprise in economies that have long depended on state spending as the main driver.

Scott Livermore, chief economist at Oxford Economics, said spending on diversification from oil would remain high, but he added: "The area where ambitions may be scaled back is diversification of fiscal revenues and trimming back public sector employment."