Patenga Container Terminal is an extension of the Chattogram port, having an annual container handling capacity of 500,000 TEUs (twenty-foot equivalent units).

PHOTO: RAJIB RAIHAN

PATENGA CONTAINER TERMINAL

Govt to use IFC advice on appointing operator

Talks underway with Saudi firm

DWAIPAYAN BARUA, *Ctg*

Already in talks with a Saudi investor interested in running the newly built Patenga Container Terminal (PCT), Bangladesh recently signed an agreement with International Finance Corporation (IFC) to advise on the modus operandi.

Red Sea Gateway Terminal (RSGT), operator of Jeddah Islamic Port, Saudi Arabia's largest terminal facility, is one of at least five global firms which earlier expressed interest in investing and operating the PCT.

The others are AP Moller-Maersk of Denmark, Dubai Port World (DP World) of United Arab Emirates, PSA International of Singapore, and Adani Ports and Special Economic Zone of India.

Currently, some 98 per cent of Bangladesh's containerised cargo is handled at the Chattogram port. In other words, its annual capacity is 3.2 million TEUs (twenty-foot equivalent units).

The PCT is an extension of the Chattogram port, having an annual container handling capacity of 500,000 TEUs.

Though the RSGT in its website media release on Thursday claimed that the Bangladesh government had selected it to operate the PCT, both the Public Private Partnership (PPP) Authority and Chittagong Port Authority (CPA) denied it.

The government is currently in discussion with the RSGT, said CPA Chairman Mohammad Shahjahan.

"But at first, we need a report from a global transaction advisor which has just been appointed last week for formulating terms and conditions and only after getting that report, negotiations to nominate any firm may start," he said.

The PPP Authority on Wednesday signed a "Transaction Advisory Services Agreement" with the IFC of World Bank Group on equipping, operating and maintaining the PCT.

PPP Authority Chief Executive Officer (CEO) Muhammad Ibrahim and IFC Acting Country Manager Nuzhat Anwar signed the agreement.

Ibrahim told The Daily Star that the IFC, as an advisor of the Bangladesh government, would conduct a feasibility study to formulate a business model and determine the terms and conditions for running the PCT.

The government will use that advice to hold negotiations with firms interested in running the PCT, he said.

Regarding the RSGT's web statement, Ibrahim said the government was yet to nominate any firm.

"If we agree with the IFC's business model and if the RSGT gives consent to that model, only then they would get the work," he said.

It is actually Saudi Arabia's Ministry of Investment that nominated the RSGT to be the investor for the PCT during a government-to-government meeting, he informed.

According to sources, a memorandum of understanding was signed between the Ministry of Investment of Saudi Arabia and the PPP Authority of Bangladesh on October 28 last year.

At a meeting later on February 23 this year, the shipping ministry of Bangladesh proposed a PPP model for equipping, operating and maintaining the PCT to the Saudi government, which nominated the RSGT, they said.

The other firms had submitted their proposals earlier.

A senior official of shipper Maersk Bangladesh told The Daily Star yesterday that they were still awaiting a reply from the government on their proposal.

In June 2017, the government approved the project for the CPA to construct the PCT with Tk 1,868.28 crore from its own funds.

The cost was later revised to Tk 1,229 crore as the government decided to implement the project through an equip, operate and maintain model under a PPP appointing a global operator.

The operational equipment is to be supplied by the global operator.

"The IFC...would formulate the business model and determine the operational requirement, amount of profit sharing and other aspects and based on those terms and conditions we would start negotiations with the RSGT," said CPA Chairman Shahjahan.

If the RSGT does not agree to those terms and conditions, negotiations with the other firms that submitted proposals will begin, he said.

The IFC may take two to five months to submit their report, he said.

PPP Authority CEO Ibrahim, however, said they urged the IFC to submit their report in the quickest possible time. Port users also emphasise on appointing a global operator for the PCT as soon as possible.

SIBL launches asset development campaign

STAR BUSINESS REPORT

Social Islami Bank Limited (SIBL) has launched a three-month special campaign, styled "Asset Development Campaign", with the aim to create awareness about quality investment and timely repayment for the socio-economic development of the country.

Zafar Alam, managing director and chief executive officer of SIBL, inaugurated the campaign as chief guest at the bank's head office in Dhaka recently.

SIBL Additional Managing Director Abu Reza Md Yeahia, Deputy Managing Director Md Shamsul Hoque and other senior officials were present at the event.

The special campaign will continue until November 15 this year, the bank said in a press release yesterday.

UK blocks Chinese takeover of its firm

AFP, *London*

The UK government has blocked Hong Kong-based firm Super Orange from purchasing British electronic-design company Pulsic, citing security risks posed by China.

A statement Wednesday said Britain's Business Secretary Kwasi Kwarteng "considers that the final order is necessary and proportionate to mitigate the risk to national security".

Pulsic, a small-sized company based in Bristol, western England, designs software used in electronic circuits.

Foreign Secretary Liz Truss, the favourite to replace Boris Johnson as prime minister, has urged a tougher approach to China and has warned Beijing of sanctions if it did not play by international rules.

Seven out of 10 Germans using less energy: survey

REUTERS, *Berlin*

Seven out of 10 Germans are using less energy due to decades-high inflation in Europe's largest economy while half are spending less on leisure activities, according to a new survey.

The share of those using less energy is up from 63 per cent in April this year, according to Infratest dimap's survey of 1,273 citizens for broadcaster ARD.

Annual inflation accelerated to 8.5 per cent in July from 7.8 per cent in April, driven by a 35 per cent rise in energy costs.

Lower-income households are changing their habits most, according to the survey, with two-thirds reducing their daily shopping and spending on leisure activities and holidays compared with half of households with an average income.

Stocks tax policy scares off

FROM PAGE B1

As a part of this, the NBR once tries to impose a tax on capital gains. However, this could have been a big mistake as there are many times investors incur losses in selling shares, he said.

The NBR should withdraw the tax on dividend income or at least can increase the tax-free limit on dividend income to attract long time investments, said Mir Ariful Islam, managing director and CEO of Sandhani Asset Management.

At present, dividend income of up to Tk 50,000 is tax free.

While this is applicable for closed end mutual funds, the limit is much lower, Tk 25,000, for open ended mutual funds, Islam said.

Mutual funds pool money from investors to channel it into securities such as stocks, bonds, and other assets.

Depending on the profits earned, investors are then paid their share as dividends. Closed end funds are listed with the stock exchange while open ended ones are not.

Having two different limits for products that are nearly the same is illogical, said Islam.

Moreover, the BSEC is promoting mutual funds, especially the open ended ones, for which the tax-free limit on income from it should be increased, he said.

The NBR should think out of the box and realise that lowering the tax on dividend income will enable a stable stock market, generating higher turnover taxes, he added.

The government's revenue generation from the stock market hit an 11-year high of Tk 290.88 crore in fiscal year 2021-22 thanks to a surge in turnover in Dhaka Stock Exchange (DSE).

The DSE earlier paid tax worth Tk 447 crore in fiscal year 2021-11, the highest in its history, when the market witnessed the highest turnover.

On one hand the BSEC is requesting investors to make long-term investments in the market to make it sustainable while on the other it is continuing to impose tax on dividend income, said a top official of a stock brokerage firm preferring anonymity.

This is contradictory, he said.

The BSEC should convince the NBR to withdraw the dividend income tax in order to lure investors to keep funds for a long time, he added.

Mohammad Emran Hasan, chief executive officer (CEO) of Shanta Asset Management, said the government should offer a supportive tax measure for long-term investments in the stock market.

As Bangladesh's stock market is still a frontier market, it needs to attract long-term investments where the dividend income tax is not supportive, he said.

So, the tax on dividend income should be at least reduced, he added.

"To attract long-term investments to the market, we are requesting the NBR all the time to increase the tax-free dividend income slab which will at least encourage small investors to keep their funds for long," said Richard D' Rozario, president of the DSE Brokers' Association of Bangladesh.

At present, dividend income of Tk 50,000 is tax free. On anything higher, the tax is 10 per cent if investors submit tax identification numbers and at least 15 per cent if they do not.

It does not end here. The tax rate can go up to 25 per cent if other incomes of taxpayers are taken into consideration, he said.

If anyone's tax rate for his total income is 25 per cent, the dividend income tax for that person is also 25 per cent, he explained.

This is way too high and not supportive of long-term investments, he added.

A top official of the BSEC, requesting not to be named, said it had also requested the NBR to at least reduce the dividend income tax in order to attract long-term investment from investors.

Tk 50cr project to perk up muslin

FROM PAGE B1

"There is no end to development in the making of this elite fabric, with which it costs about Tk 6-7 lakh to make a sari. As everyone can't afford this, we are now testing if it can be used for simpler clothes. Let's see what happens," he added.

Phase one of the project, which involved Tk 12.1 crore, came into being after Prime Minister Sheikh Hasina asked the Ministry of Textiles and Jute in October 2014 if the long-lost craft could be restored.

A committee for this purpose was eventually formed consisting of experts from the BHB, Bangladesh Textile Mills Corporation, Cotton Development Board, Bangladesh University of Textiles, University of Dhaka and Rajshahi University.

Although they were handed a much larger budget, the work was completed for only Tk 4 crore and when the BHB offered to return the rest, the government decided to expand the project and connected the construction of Muslin House to it.

As such, Muslin House was built on the banks of Shitalakhya River in the Tarab municipal area, the air around which is suitable for weaving muslin cloth.

In the first phase of the project, a research team featuring experts and spinners crafted 19 muslin fabrics, from which six saris, seven veils and six sample cloths were made.

Following their breakthrough, the team claimed that the fabrics are similar to the muslin preserved in the UK's Victoria and Albert Museum, and National Museum of Bangladesh.

Manjur Hossain, chief scientific officer of the project, said they will find more advanced cotton varieties for spinning muslin. Currently, the cotton with which they are making the required yarn has a lot of seeds in it.

"Farmers will also benefit if there are less seeds and so, a research centre for this purpose has been set up on four bighas of land inside the Rajshahi University campus, where phuti carpus cotton is being cultivated," he added.

Muslin is a symbol of Bangladesh's golden heritage and nobility. The Moroccan traveller Ibn Battuta, Greek tourists Pintoni, Taylor, Urey and others described the muslin of Bengal in their writings.

Among the different types of cotton textiles, Dhakai Muslin was well-known all over the world. Muslin was made from very smooth yarn prepared from phuti carpus cotton.

In the medieval period, muslin cloth made by weavers of Dhaka became a status symbol for the rich and aristocratic class. In 1747, Dhakai Muslin exports fetched Tk 28.5 lakh, the researchers found.

The fall of the Mughal Empire, lack of patronage from British rulers, expansion of the East India Company, Industrial Revolution in England, imposition of high taxes on muslin and the cutting of the fingers of weavers were the main causes behind the loss of muslin cloth since the middle of the 19th century.

Exports to Saarc countries

FROM PAGE B1

(SANEM), said earlier the Saarc region accounted for less than 2 per cent of Bangladesh's overall exports.

"We have seen that there has been progress in exports in the last two years. That is very encouraging. Our exporters have started realising that they will have to diversify markets," he said.

"This shows success of Bangladesh's exporters in market diversification but they are yet to diversify products," he pointed out.

The demand for garments made in Bangladesh has been growing in Indian and Nepalese markets on the back of their expanding middle-income population

He said garments dominate exports to the Saarc region as to other destinations for their global acclaim, which also shielded apparel products from the challenges of entry.

"There is an opportunity for Bangladesh to increase exports of other products to India," said Raihan, also a professor of economics at the University of Dhaka.

He said improving product quality through capacity enhancements not only of exporters but also of the Bangladesh Standards and Testing Institution in testing and certification are required for boosting exports.

Besides, improvement of facilities and connectivity of the ports will reduce trade costs and thereby facilitate shipments, he said.

"There have been improvements on the Indian side as the country has developed a system of integrated check-posts at borders. But there are deficits on the Bangladesh side," he said.

South Asia is the least-integrated region in the world and despite being one of the most populous regions, intra-regional trade sits at less than 5 per cent of their total trade, according to a World Bank study.

Border challenges mean it is about 20 per cent cheaper for a company in India to trade with Brazil instead of a neighbouring South Asian country, it said.

Trade has been limited by several factors, such as inadequate roads and marine and air transport, protective tariffs, real and perceived non-tariff barriers, restrictions on investments and a broad trust deficit throughout the region, it added.

Inter-regional trade stands at 35 per cent in East Asia and 60 per cent in Europe.

India to pay Tk 250 per tonne

FROM PAGE B1

In its notification, the NBR said each consignment will have to leave Bangladesh within seven days and the temporary transit benefit will be on until November 30 this year.

In case additional time is needed for taking consignments to India, the customs authority may consider an extension, the NBR said.

The customs authority went on to say the transit benefit will be applicable only for IOCL petroleum, which will have to be transported at daytime.

The fuel must be moved in convoys of 10 vehicles each when passing through Bangladesh, it added.

Bangladesh agreed to give the transit facility to IOCL following the request of India as massive landslides in Assam damages the rail network of the neighbouring country.

As per the MoU, IOCL will move its convoys of fuel through Dawki (in Meghalaya)-Tamabil (in Sylhet) border via Sylhet bypass Rajnagar-Shamshernagar to Chatlapur check-post in Moulvibazar to enter Kailashahar in Tripura.