

Saif to run container vessels on UAE-Ctg

DWAIPAYAN BARUA, Ctg

Saif Powertec entered a deal with Abu Dhabi-based Safeen Feeders yesterday to run three container feeder vessels on the Bangladesh-United Arab Emirates (UAE) and other international routes.

Dubai-based subsidiary Saif Maritime LLC will charter the vessels from the concern of AD Ports Group for 15 years, said Md Salehin, company secretary of Saif Powertec.

A listed company with interests in ports, logistics, civil engineering and power, Saif Powertec is the deal's guarantor, according to a disclosure at Dhaka Stock Exchange.

Each vessel has a capacity ranging from 1,700 to 2100 TEUs (twenty-foot equivalent units).

Saif Powertec estimates that the freight revenue per vessel would be around \$20 million or about Tk 200 crore per annum while net profit \$2.50 million, or around Tk 25 crore.

Taralder Md Ruhul Amin, managing director of Saif Powertec, and Mohamed Juma Al Shamisi, managing director and group CEO of AD Ports Group, inked the agreement in the UAE, said a press statement of AD Ports Group.

Another agreement was signed in February over collaborating on cargo services between Fujairah of the UAE and Bangladesh for 15 years.

It was on availing eight Supramax cargo carriers of 55,000 deadweight tonnage for carrying dry bulk cargo such as coal, steel and fertiliser, said a senior official.

Saif Powertec so far has chartered three of the vessels.

The agreement also covers scopes of future collaboration to jointly develop and invest in maritime infrastructure and projects of Bangladesh and the UAE, according to AD Ports Group.



Dried and salted fish such as these, locally known as shutki, have good demand in the US. However, shipments from Bangladesh face huge tariffs ever since the US suspended its Generalised System of Preferences facility back in June 27, 2013.

PHOTO: STAR/FILE

US trade bodies want GSP reinstatement

Bangladesh can demand the trade benefit once it is revived

REFAYET ULLAH MIRDHA

The American Apparel and Footwear Association (AAFA) along with 270 other trade bodies has urged the US Congress to reinstate the Generalised System of Preferences (GSP) for the convenience of American traders.

The GSP supports development by eliminating tariffs and opening the US market to qualifying exports from 119 developing countries, said the AAFA.

The congressional authorisation of the GSP expired on December 31, 2020 for all eligible countries.

As a result, American companies have paid at least \$1.4 billion in extra taxes while also dealing with Covid-19 impacts, high freight costs, and supply chain disruptions, said the AAFA.

All of these issues have contributed to the highest US inflation rate recorded in 40 years, the platforms said in a letter sent to the Congress members in May this year.

"The past few years have seen continuing disruption to supply chains, most recently the threat of work stoppages at our nation's ports and along our rail lines," said Steve Lamar, president and CEO of the AAFA, in a statement last Wednesday.

Congress should extend the GSP until

January 1, 2027 as proposed in the Senate bill, or beyond, said the AAFA.

Representing over 1,000 brands, retailers and manufacturers, the AAFA is the public policy and political voice of the apparel and footwear industry, its management and shareholders and its 3 million US workers.

It contributes over \$350 billion in annual US retail sales.

"Reactivation of the GSP is also our demand so that we can negotiate with the US for reinstatement of the status for our country," said Tapan Kanti Ghosh, senior secretary to the commerce secretary.

Bangladesh will again place the demand for reinstatement of the GSP in an upcoming bilateral Trade and Investment Cooperation Forum Agreement meeting to be held in Washington on the first week of December.

Earlier, the US suspended the GSP status for Bangladesh on June 27, 2013 citing poor working conditions and labour rights.

Before the suspension, Bangladesh used to export goods like dry fish, ceramics and tobacco items worth \$24 million to the US under the GSP programme.

Ghosh told The Daily Star that he has already raised the GSP revival issue at a meeting with Christopher Wilson, assistant United States Trade Representative for South

and Central Asia.

It was during Wilson's visit to Dhaka in August this year to discuss different trade issues between the US and Bangladesh.

The US is the single largest export destination for Bangladesh.

Most importantly, the shipment of goods, especially garments, has continued to grow even amidst the volatility of the Russia-Ukraine war and pandemic which had disrupted global supply chains.

Exports from Bangladesh to the US registered its highest growth of 49.35 per cent year-on-year in the immediate past fiscal year (July-June) of 2021-22 to \$10.41 billion, according to data from the state-owned Export Promotion Bureau.

Of it, some 95 per cent comprised apparel items.

The export of local garment items has been increasing every year in spite of duties of 15.62 per cent on an average.

For instance, in fiscal 2021-22, Bangladesh exported garment items worth \$9.01 billion, registering a growth of 51.68 per cent year-on-year, said the EPB data.

In fiscal year 2019-20, Bangladesh exported apparel items worth \$5.14 billion, the data said.

Newsweek report praises Walton

STAR BUSINESS DESK

US weekly magazine Newsweek appreciates Bangladesh's electric and electronics conglomerate Walton for its growing role in the economic growth and development of the country.

The magazine highlighted the country's development in their recent report, where it mentioned Walton is the corporate pride of Bangladesh whose spectacular growth runs parallel to that of its country, a press release said.

Golam Murshed, managing director and chief executive officer of Walton Hi-Tech Industries PLC, in an interview published on Newsweek, said that Walton saves enormous amounts of foreign currency by producing import substitute products, creates significant employment along with backward linkage industry and contributes to export earnings.

However, the most important is country branding. Walton is branding Bangladesh as a country of electronics and high-tech manufacturing, he said.



Md Afzal Karim, managing director and convener of an ethical committee of Sonali Bank, presides over the first meeting of a National Integrity Strategy Implementation of Ethical Committee for fiscal year 2022-23 at its head office in Dhaka yesterday. Niranjana Chandra Debnath and Sanchia Binte Ali, deputy managing directors, and Bithi Akter, deputy general manager of human resource development division, were present.

PHOTO: SONALI BANK

Banks prefer govt bonds to private sector

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Syed Mahbubur Rahman, managing director of Mutual Trust Bank, however, says the existing excess liquidity does not paint the real scenario in the banking sector as many banks now face a shortage of cash.

Some banks are taking funds from the call money market, a platform where lenders receive short-term loans from each other, to meet their day-to-day demand for cash, he said.

"Some banks are less motivated to disburse loans to the private sector due to the higher yield provided by government securities."

Salehuddin Ahmed, a former BB governor, thinks that excessive investment in government instruments is not a good sign for the economy since the productive sector does not get adequate funds to run its operations and expand.

"Banks always try to manage good profits from their investment. But the central bank should monitor the issue

properly in the best interest of the economy," he said.

Fahmida Khatun, executive director of the Centre for Policy Dialogue, urged the central bank to lift the interest rate cap and allow the market to determine the rate.

"If there is no interest rate ceiling, banks may avoid investing in government tools," she said.

Mohammad Ali, additional managing director of Pubali Bank, says his bank has disbursed loans as well as invested in treasury bonds to secure a better return.

The private commercial bank lent Tk 10,000 crore to the private sector in the last one year. Likewise, it has invested a sizeable amount in government securities.

"If funds are invested in government instruments, banks can manage a good return," Ali said.

The excess liquidity in Pubali Bank stood at Tk 9,100 crore in July.

Ali said since there is liquidity stress in

the market, a good number of banks are unable to provide required funds to the government by purchasing the bills and bonds.

"So, the interest rates on the treasury bills and bonds are on the rise. Now is the best time to invest surplus funds in government instruments."

Shah Md Ahsan Habib, a professor of the Bangladesh Institute of Bank Management, however, does not think that there is any major liquidity stress in the banking sector.

"It is a common phenomenon that some banks enjoy better liquidity position while others struggle. This is why cash-strapped banks approach the call money market to meet their immediate liquidity requirement," he said.

The banking sector had a large amount of excess liquidity at the height of the coronavirus pandemic as the opportunity for making investments was squeezed to a large extent owing to business slowdown.

The lower demand for funds sent the excess liquidity to Tk 231,711 crore in July last year.

The amount of surplus liquidity began falling after the country's import payments escalated due to the global supply chain obstacles, along with the pent-up demand as the economy recovered from the pandemic-induced slowdown.

The blistering import payments created an acute dollar shortage, compelling the central bank to inject the American greenback into banks in exchange for the taka.

The BB supplied a record \$7.62 billion to the market in the fiscal year of 2021-22 and more than \$3 billion this fiscal year so far.

Since banks have purchased the dollar in exchange for the local currency, it has created the liquidity shortage as well.

The taka lost its value by at least 25 per cent against the US dollar in the last one year.

Dollar made a bit cheaper for importers

STAR BUSINESS REPORT

Banks yesterday refixed the rate at which they would buy US dollars coming in through foreign exchange houses in the form of remittance.

From October 1, banks will pay Tk 107.5 instead of Tk 108.

This change is expected to have a positive impact on the rate at which the dollar is sold to importers.

Meanwhile, dollars will continue to be bought at Tk 99 from exporters.

The decision was taken at a meeting between Bangladesh Foreign Exchange Dealers' Association (Bafeda) and the Association of Bankers, Bangladesh, a platform of managing directors of banks in Bangladesh, at Sonali Bank's head office in the capital.

Md Afzal Karim, chairman of Bafeda, an organisation that implements foreign exchange-related policies, declared the new rate at a press briefing after the meeting.

Importers continue to buy the greenback based on the weighted average exchange rate, meaning the average of the rates at which banks purchase dollars from exporters and remittances from foreign exchange houses, plus Tk 1.

"We took a decision at our previous meeting that banks would review the exchange rates from time to time. As a part of it, we have changed the exchange rate for exchange houses," said Karim.

An official of a commercial bank said the weighted average exchange rate would decrease by a limited extent thanks to the new decision, creating a positive impact for importers seeking to purchase the greenback.

BTRC orders compensation from 1st call drop

STAR BUSINESS REPORT

The Bangladesh Telecommunication Regulatory Commission (BTRC) yesterday directed telecom operators in the country to start counting the amount of compensation owed to customers from the first call dropped in a day.

As per the directive, operators must now return 30 seconds of talk time for the first and second calls dropped while it will be 40 seconds for the third to seventh call dropped each day.

Previously, Grameenphone and Robi would compensate customers for dropped calls from the third to seventh call drop in a day while Banglalink returned talk time from the second to sixth call drop.

However, customers will only get the return when a call drop occurs during voice calls with the same operator.

The other types of call drops involve those between multiple operators, interconnection exchange or fibre cable company. In such cases, the problem could arise from any end, making detection and sharing payouts difficult.

Of the total call drop count, it is usually just a single dropped call each day about 65 per cent of the time.

According to the new rule, operators must be ready to return the talk time for call drops on the start time of the following day (00:00 hours) and subscribers will be able to use the compensated talk time from then on. However, if any operator wants, they can also return the talk time on the same day.

BB cuts interest on RMG loans

STAR BUSINESS REPORT

The central bank yesterday slashed the interest rate on the loans under a programme that provides funds to the readymade garment sector to beef up its safety system and upgrade environmental standards.

In 2019, the government constituted the fund with the Bangladesh Bank to support the RMG factories through medium to long-term finance under the "Programme to Support Safety Retrofits and Environmental Upgrades in the Bangladesh Ready-Made Garments Sector Project (SREUP)".

The fund size of the project is 50 million euro. When the financing facility was introduced three years ago, the interest rate was fixed at a maximum of 7 per cent.

At the customer level, the interest rate has been re-fixed to a maximum of 5 per cent per annum instead of the existing 7 per cent, said the BB in a notice yesterday.

STOCKS	
DSEX ▼	CASPI
0.06% 6,510.97	Flat 19,181.76

COMMODITIES	
Gold ▲	Oil ▲
\$1,646.28 (per ounce)	\$79.71 (per barrel)

ASIAN MARKETS			
MUMBAI	TOKYO	SINGAPORE	SHANGHAI
▼ 1.64% 57,145.22	▼ 2.66% 26,431.55	▼ 1.4% 3,181.97	▼ 1.20% 3,051.23