Draft rules framed for commodity exchange

STAR BUSINESS REPORT

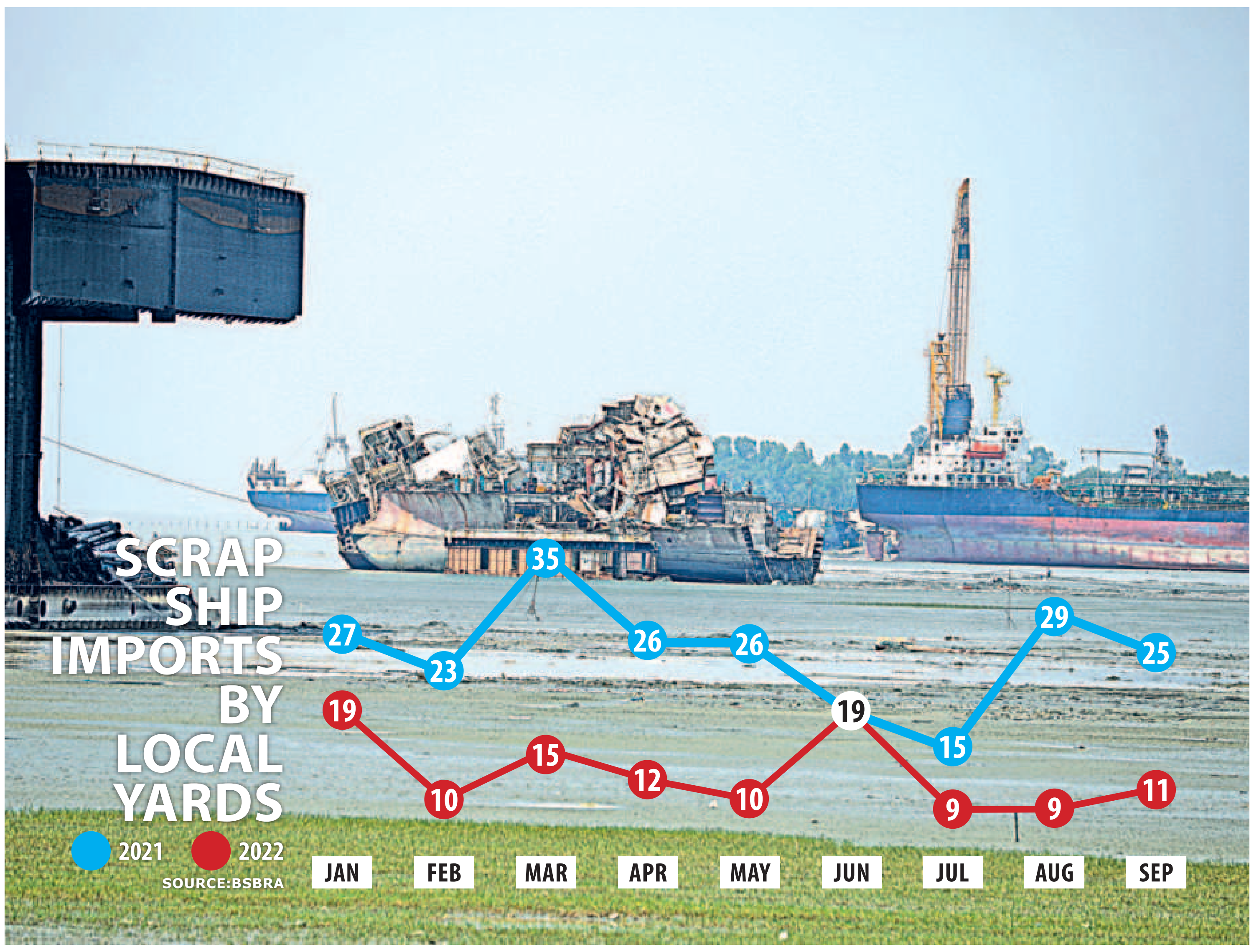
The Chittagong Stock Exchange (CSE) has provided the Bangladesh Securities and Exchange Commission (BSEC) a draft set of rules meant for establishing the first commodity exchange in Bangladesh.

A commodities exchange is a legal entity that determines and enforces rules and procedures for trading standardised commodity contracts and related investment products.

Traders rarely deliver any physical commodities through a commodities exchange.

Instead, they trade futures contracts, where the parties agree to buy or sell a specific amount of the commodity at an agreed-upon price, regardless of what it currently trades at in the market with a predetermined expiration date.

READ MORE ON B2



Shipbreaking slumps by half amid lower imports

Higher dollar price to blame, experts say

SOHEL PARVEZ

Scrap vessel imports slumped by half in the first nine months of the year as Bangladesh Bank is discouraging lenders from opening letters of credit to curb the depletion of forex reserves amid the soaring cost of the US dollar.

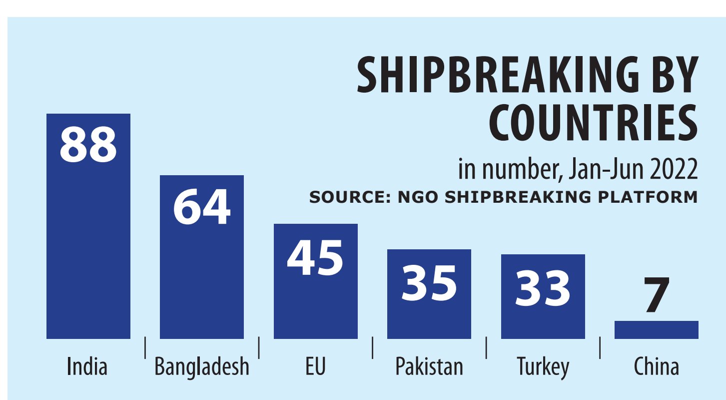
Shipbreaking yards in the country imported a total of 114 vessels between January and September, down by about 49 per cent from 225 during the same period a year ago.

As such, the amount of scrap procured from dismantled ships dipped by around 56 per cent year-on-year to 9.34 lakh tonnes at the same time, according to the Bangladesh Ship Breakers and Recyclers Association (BSBRA).

"We are facing difficulty in opening letters of credit to import scrap ships as banks are not showing interest in doing so," said BSBRA President Md Abu Taher.

And although just 45 of the 158 shipbreaking yards in Chattogram are currently operational, Bangladesh topped the list of ship dismantling countries ahead of India and Pakistan in 2021, according to data from the NGO Shipbreaking Platform.

A total of 763 commercial ocean-going vessels from across the globe were sold to scrap yards that year. Of them, 583 large tankers, bulkers, offshore platforms, cargo and cruise ships were broken down on the beaches of Bangladesh, India and Pakistan, amounting to almost 90 per cent of the gross tonnage of scrap procured worldwide.



Bangladesh dismantled 280 of these ships to get 27.28 lakh tonnes of scrap.

Between January and June this year, shipbreaking yards in South Asia collectively dismantled around 272 ships with Bangladesh becoming the second-biggest demolisher after India.

The NGO Shipbreaking Platform is a Belgium-based global coalition of organisations that works to reverse the environmental damage and human rights abuses caused by shipbreaking practices.

Local shipbreakers and recyclers said scrap from vessels is mainly used by steel re-rolling mills and shipbuilders that make barges.

Meanwhile, many shipbreaking yards in the country are suffering losses this year as they had to count high costs for the hike in US dollar prices amid the depreciation of the taka, the local currency.

Kamal Uddin Ahmed, senior vice president of the BSBRA, said shipbreakers import scrap vessels on deferred payment for up to one year. Besides, they have to count an additional Tk 20 per dollar when clearing import bills.

"Numerous yard owners have gone bankrupt because of the high cost of the greenback," he added.

Alongside the dollar shortage and subsequent lack of interest among banks to open letters of credit for purchasing scrap ships, the demand for re-rollable steel plates used to make rods has also dropped. In addition, a rise in sea freight has reduced the availability of ships for scrapping globally.

"Overall, businesses are not willing to take risks," Ahmed said.

Mohammed Ali Shahin, the coordinator of the advocacy unit of Young Power in Social Action, an NGO which works on the shipbreaking industry and workers' rights, said falling scrap vessel imports have reduced the employment scope for workers.

He also said most shipbreaking yards are run by hiring workers on a contractual basis while some have started hiring workers permanently.

"We have engaged with owners and some of them are supporting workers from their welfare funds. But if the situation prolongs, there will be an adverse effect on workers," Shahin said, adding that the livelihoods of 30,000 workers would be threatened.

BSCCL's profit jumps 31pc in 2021-22

STAR BUSINESS REPORT

Bangladesh Submarine Cable Company Limited (BSCCL) posted more than 31 per cent higher profit in the year that ended on June 30.

This means the country's lone submarine cable operator made a profit of Tk 229.38 crore in the last financial year. It was Tk 174.96 crore a year earlier.

Thus, BSCCL reported earnings per share of Tk 13.91 (diluted) in 2021-22 against Tk 10.61 (diluted) in 2020-21.

The company said the EPS increased thanks to a rise in revenue and other incomes for the ordinary course of business activities. There were no significant extraordinary transactions in 2021-22, said the company in a filing on the Dhaka Stock Exchange (DSE) yesterday.

Its net asset value per share stood at Tk 64.66 in the last financial year, which was Tk 52.49 in 2020-21, while net operating cash flow per share rose to Tk 16.76, an improvement from Tk 14.18 a year earlier.

BSCCL emphasised revenue collection and took some stern steps for the realisation that led to

READ MORE ON B2

Freight forwarders seek bonded warehouses to handle export cargoes

DWAIPAYAN BARUA, Ctg

The government should allow freight forwarders to set up and run bonded warehouse facilities with a view to handling export and import cargoes smoothly, said Bangladesh Freight Forwarders Association (BAFFA) Vice President Khairul Alam Suzan.

"If freight forwarders are permitted to operate bonded warehouses or cargo freight stations (CFSs), the current reliance on the inland container depots in handling 100 per cent of the export cargoes would be reduced."

"This will also pave the way for the elimination of the congestion at the Chattogram port," he said.

The BAFFA leader urged the government to lease out 100 acres of area in the proposed Bay Terminal so that they can develop a modern distribution park there on their own to handle import and export cargoes.

The freight forwarding segment is a major part of the country's logistics sector, representing all activities of import and export transportation services covering sea, air, rail, river, and land.

Currently, more than 1,100 members of the BAFFA are facilitating the country's more than $130 billion of foreign trade.

In an interview with The Daily Star recently, Suzan said there was a space shortage at the cargo freight stations in the private inland container depots (ICDs).

As a result, ICDs can't make room for export cargoes on time in their CFSs and vehicles carrying export cargoes from factories located in various parts of the country very often have had to wait in queues for days outside the ICDs before they can enter the depots.

"Due to the long wait, exporters have had to count additional vehicle fare," said Suzan.

The situation worsens especially ahead of the Eid holidays when suppliers start sending export cargoes in higher volumes in advance since their factories remain shut for a longer period during the festival.

"At that time, we have to prioritise the vehicles that are loaded with the goods scheduled to leave the port earlier than others."

The problem has emerged as the ICD owners have not made enough investments to enhance their capacity, according to Suzan.

Almost all export-bound cargoes that are shipped through Chattogram port are stuffed into containers at the CFS of the 19 ICDs in and around the port city.

BM Container Depot, one of the ICDs, has been operating partially since June when a deadly fire tore through it. Currently, it is handling empty containers, rather than any export and import ones.

Suzan said currently, there is no alternative to the ICDs to handle export cargoes. So, he emphasised creating an alternative to process them in order to keep the country's export up and running.

Suzan said container ports around the world operate as terminal operators only, not as storage facility providers. They also are not involved in cargo delivery.

But the Chattogram Port Authority is engaged in storing import containers and facilitating delivery from the port, causing congestion as well as posing security risks as thousands of trucks and workers enter the country's largest seaport every day, he said.

"So, even if vessel congestion at Chattogram port is eliminated, shipments still might be delayed if we can't load export cargoes into containers in a timely manner."

EU thirst for LNG puts Bangladesh, Pakistan in the dark

DEUTSCHE WELLE (DW)

LNG has plugged a gap in Europe's energy mix since it became imperative to move away from Russian energy. However, overall export capacity for LNG has not changed meaning some countries are now getting less than before.

European countries have already bought more liquefied natural gas (LNG) in 2022 than in any year previously. The surge in demand followed Russia's invasion of Ukraine, with various European governments rushing to end their dependence on Russian energy as quickly as possible.

In the nine months from January to September, European nations' demand for LNG rose dramatically according to data provided to DW by the analytics group ICIS. Demand in France rose by 88 per cent compared with the same period in 2021, the Netherlands by 109 per cent and Belgium by 157 per cent.

However, Europe's thirst for LNG is having negative consequences for countries in other parts of the world which already import the super-chilled fuel in large volumes. Prices are soaring and less LNG is up for grabs on the market, making it a much less viable option for poorer countries.

"The way in which Europe has been able to source these volumes is by paying more than other markets are willing to pay for," Alex Munton, an LNG analyst with energy research group Rapidan, told DW.

The ICIS figures confirm the extent to which LNG demand has fallen in countries outside of Europe, particularly in Asia. In Bangladesh, demand is down 10

READ MORE ON B2

The global LNG supply is being increasingly redirected to Europe, where higher prices are paid for the fuel.

PHOTO: DW/FILE

Debt crisis engulfing developing countries: UNDP

REUTERS, London

The United Nations' Development Programme (UNDP) joined on Tuesday the chorus of institutions and charities warning that a serious debt crisis is now taking hold in the poorest parts of the world.

In a new report, the UNDP estimated that 54 countries, accounting for more than half of the world's poorest people, now needed immediate debt relief to avoid even more extreme poverty and give them a chance of dealing with climate change.

"A serious debt crisis is unfolding across developing economies, and the likelihood of a worsening outlook is high," the report published on Tuesday said.

READ MORE ON B2