

## Deal tomorrow for Patenga terminal's foreign operator

DWAIPAYAN BARUA, from Chattogram

A much-awaited deal with a Saudi firm to operate the newly-built Patenga Container Terminal (PCT) at the Chattogram port is set to be signed tomorrow.

The signing between Chittagong Port Authority (CPA) and Red Sea Gateway Terminal International (RSGTI) will be held at the Prime Minister's Office tomorrow morning, said sources.

Prime Minister Sheikh Hasina is scheduled to join the ceremony at 10:40am.

The government nominated the Saudi firm to maintain, equip and operate the terminal for 22 years under a public-private partnership (PPP) model through a government-to-government partnership.

RSGTI is a sister concern of Red Sea Gateway Terminal (RSGT), the operator of Saudi Arabia's largest terminal facility at Jeddah Islamic Port.

CPA Secretary Md Omar Faruk told The Daily Star that they received a letter from the foreign ministry on Sunday night about the signing on

**The government nominated Saudi firm Red Sea Gateway Terminal International to maintain, equip and operate the terminal for 22 years under a public-private partnership model through a government-to-government partnership**

Wednesday on the sidelines of a high-profile Saudi delegate's visit.

A Saudi delegation led by Saudi Investment Minister Engineer Khalid Bin Falih is scheduled to arrive in Dhaka in the evening today, said sources.

The prime minister inaugurated the terminal on November 14.

Following years of demand from the business community for expansion of the Chattogram port, the authority in 2017 took up the project for constructing the PCT.

Construction of the terminal on around 32 acres of land comprising three 200-metre-long jetties and a 220-metre dolphin jetty was completed in July last year.

Though the port authority has been berthing vessels at PCT on a trial basis so far, the terminal could not be made fully operational as the appointment of a foreign operator could not be finalised.

A CPA technical team finalised negotiations with the RSGTI on its technical and financial offers last month, paving the way for the signing of the agreement.

This is for the first time a foreign operator is going to run a terminal of the country's premier port.

Expressing satisfaction over the upcoming appointment, Bangladesh Shipping Agent Association (BSAA) Chairman Syed M Arif hoped it would enhance competitiveness and efficiency among private operators.

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Workers are seen laying MS rods at a construction site in Chattogram city yesterday. Demand for the key construction material has been in a tailspin ever since the BNP and its allies started calling nationwide blockades and strikes, which are hampering development works.

PHOTO: RAJIB RAIHAN

## Political unrest puts steel millers in a bind

Demand may not recover until March, insiders say

JAGARAN CHAKMA

Although construction activities in Bangladesh usually peak during the dry season from November to March, steel millers are concerned about the reduced demand for 60-grade mild steel (MS) rods this year, according to industry people.

The average monthly demand for MS rods has fallen by about 66 percent to 2.2 lakh tonnes at present amid a slowdown in development works resulting from countrywide blockades and strikes, they said.

BNP and its allies have been calling blockades and strikes for four days each week since October 28, obstructing the supply chain of steel mills and overall construction sector in the process.

"The demand for MS rods has declined significantly as individual buyers and contractors who purchase in bulk have stopped placing orders given the current situation," said Tapan Sengupta, deputy managing director of the Bangladesh Steel Re-Rolling Mills.

For example, many contractors are postponing their development works until after the national election on January 7.

Besides, the government has reduced the implementation of non-essential development projects considering the country's vulnerable economic situation.

Sengupta also informed they were selling MS rods sold at the mill gate at an unchanged price of Tk 98,000 per tonne even though the international price of scrap steel has been rising.

The price of scrap steel recently hit \$410 per tonne, up from \$370 in July earlier this year.

about Tk 96,000 per tonne at the mill gate, he added.

Uddin also said it would be difficult to overcome the situation within a short time as it might take at least until March next year for demand to recover.

Moreover, steel mills are having to settle letters of credit that were previously opened

being hampered at a time when demand has fallen drastically," he added.

Chowdhury said the government typically consumes around 56 percent of the total production, but most development works in the country have been postponed until after the election.

In fact, the demand for MS rods has dropped to such an extent that millers are having to cut their production capacity in half to cover operational costs, he added.

On condition of anonymity, a senior official of GPH Ispat said their supply chain was being seriously hampered by continuous blockades and strikes as they could not supply dealers and retailers on time.

"Still, the wholesale price at mills did not come down," he added. According to him, the company is selling MS rods for Tk 98,000 per tonne at the mill gate.

He also said retailers were not thinking about profit at the moment as, at the very least, they are happy to be getting sales commission in the current situation.

As per data from the Trading Corporation of Bangladesh (TCB), 60-grade MS rods were retailing for Tk 99,500 per tonne in different markets of Dhaka compared to Tk 100,500 roughly a week ago.

TCB data shows that the price of MS rods had reached Tk 100,500 per tonne on November 24, but came down by Tk 1,000 since November 29.



Sengupta believes the price of MS rods may increase in line with higher demand when development activities resume in full swing after the election.

Md Jashim Uddin, director of sales and marketing at Kabir Steel Re-Rolling Mills, said the demand for MS rods had fallen as people are adopting a wait-and-see approach in the face of economic uncertainty.

Also, demand from the government has reduced as almost all ongoing mega-projects in the country are nearly complete.

So, in face of lower sales, the company has reduced its wholesale price for MS rods to

at Tk 111 per US dollar for as much as Tk 130 due to the devaluation of taka, the local currency.

Against this backdrop, Uddin said rod prices would ultimately increase despite the current downturn thanks to continuous hikes in the US dollar rate. Sumon Chowdhury, secretary general of the Bangladesh Steel Manufacturing Association, said they can only supply steel three days a week due to the political unrest.

Additionally, steel millers are struggling to receive raw materials from ports on time. "So, their production is

## Making business climate-resilient

ARJIT CHAKRABORTI

With climate scientists determining that July 2023 was the warmest month on record, the Secretary General of the United Nations defined this moment as the arrival of the era of "global boiling".

While the weather across multiple continents is getting extreme – with higher surface temperatures and more intense natural calamities like floods, storms and draughts – the estimated global cost of extreme weather attributed to climate change between 2009 and 2019 was \$2.86 trillion.

At the same time, business leaders across the world are working to find ways to minimise harm to the environment and make their businesses greener. In addition, a relatively small number of leaders are pivoting towards how their business transformation should focus on making their businesses resilient to climate change and unlocking the potential of their business growth.

In the 26th Global CEO Survey 2023 conducted by PwC, the CEOs of companies in Bangladesh ranked climate change as the sixth-most important threat to their business. About 13 percent of them indicated that it was a near-term threat to their businesses, while about 22 percent indicated that it would be a threat to their businesses in five years.

Based on these responses, it could be inferred that CEOs continued to prioritise their short-term business challenges such as inflation and macroeconomic volatility over building longer-term climate resilience of their businesses.

However, the pivotal moment for business leaders to reframe the challenge has arrived. Driving organisational shifts should not only focus on managing climate risks and safeguarding business, but it also should seek the opportunity to reinvent new competitive advantages and sustain business growth.

Therefore, business journeys towards net zero would require significant transition across the energy portfolio, materials portfolio and operating models. Each business will have a sufficient degree of opportunities to transform its portfolio of products and services in order to reap benefits and enhance business growth.

For example, buildings and infrastructure construction should consider the extreme climate conditions in future, and thus avoiding expensive retrofitting down the line. Buildings should also be fitted with cooling, water supply and flood-resistant facilities with lesser energy consumption requirements.

Builders who would be able to develop their capabilities to address such needs with carbon-light inputs are expected to develop their competitive advantage in the coming days.

In Bangladesh, several large-scale infrastructure development projects are in progress, and many are expected to take off in the coming years. The requirements and specifications of these projects should be developed and updated to make these assets climate-resilient and carbon-light, thus making them future-ready.

While it's understandable that business leaders can't respond to all possible opportunities and market shifts, they must reimagine the future so as to understand what strategies should be adopted to garner maximum benefits out of these changes. For example, an automobile company's strategy would be to determine how much electric vehicle manufacturing capabilities it should build, vis-à-vis continuing to manufacture compressed natural gas vehicles.

Furthermore, business leaders should build their business continuity capabilities to withstand adverse and extreme climate conditions. For example, the organisations managing jetties on the riverbanks and seashores of Bangladesh should think about how they will continue to operate with the sudden rise of water levels.

Finally, business leaders must understand that long-term financial success depends on their ability to manage their key non-financial business parameters. Therefore, they should think about actively investing in developing their core capabilities to get their businesses fit for the future.

The author is a partner of PwC. The views are his own.



## Record US oil output challenges Saudi mastery

REUTERS, London

US crude oil production set a record for the second month running in September, highlighting the challenge to Saudi Arabia and its Opec+ partners as they cut their own production to boost prices.

Repeated Opec+ output cuts since the fourth quarter of 2022 have thrown a lifeline to US producers, averting a deeper slump in prices and conceding more market share to them.

US crude and condensate production increased by 224,000 barrels per day (b/d) to 13.24 million b/d in September from August, according to the US Energy Information Administration.

Crude and condensate production had increased by 342,000 b/d over the previous three months (annualised growth of 11 percent) and was 750,000 b/d higher than a year earlier (an increase of 7 percent).

The large increase in domestic production has contributed to the accumulation of crude inventories and softening of prices since the start of the fourth quarter.

In the most recent month, production increased in the federal waters of the Gulf of Mexico (+108,000 b/d) and Alaska (+19,000) as well as in the Lower 48 states (+97,000).

Lower 48 production climbed to a record of 10.8 million b/d, surpassing the pre-pandemic peak of 10.5 million b/d set in December 2019.

Lower 48 output had increased by 210,000 b/d over the previous three months (an annualised rate of +8 percent) and 750,000 b/d over the previous year (an increase of +7 percent).



General view of oil tanks and the Bayway Refinery of Phillips 66 in Linden, New Jersey, US. US crude oil production set a record for the second month running in September this year, highlighting the challenge to Saudi Arabia and its Opec+ partners.

PHOTO: REUTERS/FILIP

## Summit with EU to discuss economic issues: China

REUTERS, Beijing

A China-EU summit will be held on Thursday in Beijing, China's foreign ministry said on Monday, where leaders of both sides will discuss strategic and global economic issues of common interest.

"China and Europe are partners, not rivals ... our common interests far outweigh our differences," foreign ministry spokesperson Wang Wenbin said at a regular press briefing.

Chinese President Xi Jinping will meet with President of the European Council Charles Michel and President of the European Commission Ursula von der Leyen, Wang said.

"We will explore ways to solve problems through dialogue and consultation," Wang said, adding that "we will cooperate to meet global challenges and inject new impetus into the world and increase stability in the international situation."