A general view of Chattogram port amid the countrywide blockade. The photo was taken recently.

PHOTO: RAJIB RAIHAN

Red Sea impasse to push up cost for importers-exporters

DWAIPAYAN BARUA, *Ctg*

Importers and exporters in Bangladesh started to feel the pinch of the transit disruption through the Red Sea route as major shipping lines announced, and in some cases even began implementing, additional surcharges to cover costs for re-routing their vessels around Africa's Cape of Good Hope following attacks by the Yemen-based Houthi militant group on the Indian Ocean.

Market insiders said the 5,600-kilometre diversion will add two weeks of travel time and increase the cost of shipping goods by over 40 percent.

Shipping lines have announced the imposition of US$700 to US$1,500 per TEU (twenty-foot equivalent unit) to offset additional costs, they said.

Such additional charges will impact to a major portion of Bangladesh's export trade and a small segment of import trade.

According to shipping executives, over 70 percent of monthly export-laden containers from Bangladesh -- bound for ports in the EU, the east coast of the US, and Canada -- cross through the Red Sea while 8-10 per cent of the country's import comes through the route.

Exporters may not be directly affected by this additional freight charge as foreign sellers usually bear the transport cost, but importers will be affected directly.

"Although foreign buyers will bear the additional charges, this will eventually have impact on Bangladeshi exporters," opined Syed Nazrul Islam, first vice-president of Bangladesh Garment Manufacturers and Exporters Association (BGMEA).

"As the buyers will pay the additional charges, they may seek discounts or bargain for cheaper rates for the next orders, which will ultimately affect exporters," said Nazrul.

Mediterranean Shipping Company (MSC), the global leader in container shipping, announced the implementation of a Contingency Adjustment Charge (CAC) of $1000 per 20 feet container and $1,500 for a 40-foot container from January 1 on all shipments from the Indian sub-continent (India, Pakistan, Bangladesh, and Sri Lanka) and the Middle East to European, Scandinavian, Baltic and Mediterranean destinations.

An MSC official said the additional charge would be applicable for new bookings.

AP Moller-Maersk group announced a Transit Disruption Charge (TDS) of $400 per 40-foot container for the route from Far East Asia to North Europe as well as to the east coast of North America.

This TDS is applicable for shipments 'on the water', Maersk stated in a customer advisory, adding that it would also charge a Peak Season Surcharge (PSS) of $1000 per 40-foot box for the far-east to North Europe route, to be effective from January 1.

French company CMA CGM imposed a PSS of $500 per TEU from January 1 to all European ports from all Asian ports, including Bangladesh.

Japanese shipping company Ocean Network Express (ONE) announced that they would apply an Emergency PSS of $500 for all container types on the Asia Europe Trade, the liner informed its customers in an update in December, adding that it would be effective as of January 1 and valid until further notice.

Hapag-Lloyd and HMM also announced similar charges.

Several shipping executives said these charges would be applicable for cargoes to and from Bangladesh since export cargoes bound for Europe and the east coast of the US and import cargoes are on the mentioned routes.

They assumed there would be further charges if the situation persists.

Bangladesh Freight Forwarders Association (BAFFA) Vice-President Khairul Alam Suzan said the shipping lines are applying these charges to cover up additional costs, such as increased fuel and operating costs due to the longer route.

Citing the latest development about Maersk's announcement of resuming Red Sea transit yesterday, Suzan hoped that the situation may improve soon.

However, a shipping official, preferring anonymity, said the situation would not be as bad as it was during the Covid-19 pandemic, when container freight charges skyrocketed up to $20,000 as most global ports remained non-operational.

BRAC Bank suspends cash withdrawal by cardholders abroad

STAR BUSINESS REPORT

BRAC Bank has suspended all sorts of cash withdrawals by its cardholders outside Bangladesh, a development that comes amid the country's lingering forex crisis.

The suspension became effective from Sunday, according to a notice issued by the private bank to its customers.

A senior official of the bank's retail banking unit confirmed the move, saying transactions by cash remain unrecorded.

In a statement, BRAC Bank managing director Selim RF Hussain said its electronic debits or payments will continue outside Bangladesh and only cash withdrawals are discontinued.

The credit-control measure has been put in place to ensure a clear audit trail regarding the usage of cards, he said, adding that the bank's foreign currency cash reserves are sufficient

The policy is aimed at encouraging digital and electronic payments while discouraging cash transactions, he said.

"We also discontinued cash withdrawals through taka credit cards inside Bangladesh a few years ago. As a result, customers can use their cards for transactions but can't withdraw cash for the general use."

The credit-control measure has been put in place to ensure a clear audit trail regarding the usage of cards, he said, adding that the bank's foreign currency cash reserves are sufficient.

Foreign currency cash is issued to customers from BRAC Bank branches when customers endorse their travel quota and show travel documents, the statement said.

STOCKS

DSEX ▼	CASPI ▼
0.16%	0.17%
6,238.98	18,507.88

COMMODITIES

Gold ▲	Oil ▼
$2,055.71	$73.47
(per ounce)	(per barrel)

ASIAN MARKETS

MUMBAI	TOKYO	SINGAPORE	SHANGHAI
▲ 0.34%	▲ 0.26%	▲ 0.89%	▼ 0.14%
71,106.96	33,254.03	3,140.32	2,918.81

Pran-RFL to start producing

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At present, the group offers a diverse range of 6,500 products under 200 brands.

"The commodity market in Bangladesh is very big. There is potential. Sometimes, there is a shortage in the market in demand-supply. This is one reason to come to this business," said Kamruzzaman Kamal, director of marketing of Pran-RFL Group.

"These products will also work as a backward linkage for industries in which we are currently doing business. This is another reason we came into this business," he said.

At present, the final touches are being put on the factories, which is why work is going on in several phases. Similarly, other works are also going on, he added.

Currently, the market leaders in the consumer goods sector in the country are TK Group, Meghna Group of Industries, City Group, Bashundhara Group, S Alam Group, and Abul Khair Group.

Bangladesh is expected to be the ninth-largest consumer market globally by 2030, leaving behind the United Kingdom and Germany, according to a report by HSBC Global Research in 2022.

"Bangladesh is expected to see the fastest growth in its consumer market – that is, the population earning more than $20 per day in constant purchasing power parity terms – in the current decade."

In 2021, Bangladesh was the 16th largest consumer market globally.

Bangladesh has registered steady economic growth in recent years. With a population of 16.5 crore, the nation has seen a 6.15 percent growth in gross domestic product on average since 2000.

"Vietnam, Bangladesh, and India are expected to see the biggest increase in consumer spending in the current decade," said the report.

Bangladesh's consumer market will see more than 7 percent growth annually from 2021 to 2030, said the report.

In 1981, Pran-RFL entered the market through the production and marketing of hand tube-well through Rangpur Foundry Ltd.

It entered the food business in 1985 by forming Agricultural Marketing Company Limited.

Since then, Pran-RFL Group has being offering a wide range of products, including drinks, Bombay mix, chips, baked goods, sauces, jellies, dairy products, spices, chocolates, and electronics.

The group has an annual turnover of about three billion US dollars.

Russia's worker shortage

REUTERS, *Moscow*

Russia was short of around 4.8 million workers in 2023 and the problem will remain acute in 2024, the Izvestia newspaper reported on Sunday, citing experts and research from the Russian Academy of Science's Institute of Economics.

Central Bank Governor Elvira Nabiullina said last month that Russia's depleted labour force was causing acute labour shortages and threatening economic growth as Moscow pumps fiscal and physical resources into the military.

Hundreds of thousands of Russians left the country following what the Kremlin calls its special military operation in Ukraine which began in February 2022, including highly-qualified IT specialists.

Those who took flight either disagreed with the war or feared being called up to fight in it.

The outflows intensified after President Vladimir Putin, who earlier this month lauded a historically low jobless rate of 2.9 percent, announced a partial military mobilisation of around 300,000 recruits in September 2022.

Putin has said he sees no need for a new wave of mobilisation for now.

Izvestia, citing the author of the research, Nikolai Akhapkin, said that labour shortages had sharply increased in 2022 and 2023. It said that drivers and shop workers were in particularly high demand.

According to official data, cited by the newspaper, the number of vacancies in the total workforce rose to 6.8 percent by the middle of 2023, up from 5.8 percent a year earlier.

"If we extend the data presented by Rosstat (the official statistics agency) to the entire workforce, the shortage of workers in 2023 will tentatively amount to 4.8 million people," the newspaper cited the new research as saying.

Deposits drop in accounts of farmers

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The inflation rate stood at 9.49 percent in November. It has remained at over 9 percent for the last several months, according to the Bangladesh Bureau of Statistics (BBS).

The segment of people having the lowest incomes is mostly feeling the pressure from the high inflation rate, so their deposits have been falling for many months, according to the BB officials. Moreover, as per the BB data, the total balance of special accounts dropped for both those in urban and rural areas.

For those in urban areas, the total balance stood at Tk 2,514 crore in October, which was Tk 2,613 crore in the previous month.

For those in rural areas, the fund in the special accounts stood at Tk 2,947 crore, down from Tk 3,030 crore a month ago.

The man who came from humble beginnings

FROM PAGE B1

around 4:00am yesterday at the age of 77, leaving behind a wife, a son, three daughters, and a host of well-wishers. He had been battling a respiratory disease for a long time.

Commerce Minister Tipu Munshi expressed deep sorrow at Rahman's passing, commending Rahman for being uncompromising when it came to maintaining the purity and quality of products manufactured by his companies.

"People will remember his contribution to the development of Bangladesh's industrial sector and the economy. Rahman has worked tirelessly throughout his life to build an industrially rich Bangladesh," he said.

He expected Bangladeshi products to survive in the world market based on reputation, the minister said, adding that Rahman's dedication and concentration would be remembered forever.

After the success of the first venture, City Group started investing in new areas.

Gradually, the group entered sectors and built an empire consisting of around 40 companies over the last five decades. They include sectors such as printing and packaging, steel, plastic, bottled water, refined palm oil, poultry and fish feed, sugar and salt refining, and automatic milling of rice, pulses, and flour.

He also set up sawmills, tea plantations, banks and financial institutions. He was also the chairman of Somoy Television.

According to Commerce Minister Tipu Munshi, Rahman was also well aware of his social responsibilities, evidenced by the fact that he created hospitals, educational institutions, and numerous employment opportunities.

In 2018, City Group got permission to build the City Economic Zone on 78 acres of land in Narayanganj. It is one of three economic zones under City Group, which also has one hi-tech park, said Biswajit Saha, director of corporate and regulatory affairs at City Group.

The conglomerate, with a turnover of about Tk 35,000 crore a year, employs around 30,000 people.

"I stumbled several times in my life but I was never frustrated. I was always confident and dreamed of building a quality industry that provides quality products," he said in a television interview.

"I always tried to be an honest and industrious worker to materialise my dream."

City Group's journey has not been an easy ride although Rahman had been characteristically modest about his perseverance in the initial years. "There was no hardship, only ups, and downs," he commented in an article with The Daily Star in 2006.

Mostafa Kamal, chairman of Meghna Group of Industries, said Bangladesh had lost a pillar of business.

Kamal, who was close to Rahman, said: "We built a business group step by step in the late eighties by cooperating and sharing ideas of business development. We both started our businesses from zero at the same time and struggled immensely as we had no experience."

He said there was competition among them but there was no gap in cooperation.

"We produce almost the same products for consumers but we were never engaged in any unhealthy competition. We knew the market was a vast one; it was not possible for one group to cover it," he said.

"So, we enhanced cooperation with each other in the interest of improving business."

According to Kamal, Rahman was industrious, patient, and a visionary businessperson. "With his passing, Bangladesh has lost a business icon."

Paban Chowdhury, a former chairman of the Bangladesh Economic Zones Authority and adviser to City Group, said Rahman was second to none.

Chowdhury said Rahman was very interested in expanding education to create skilled human resources, pointing to the impending launch of a medical college by City Group.

"The chairman was an example. He built schools in areas adjacent to tea gardens in Sylhet and Chattogram for the workers' children."

As a person, Rahman was polite and industrious, he said, adding: "The sudden death of Fazlur Rahman, the pioneer of industrialisation in Bangladesh, is an irreparable loss for the country and the City Group family."

Salman F Rahman, private industry and investment adviser to the prime minister, said in a condolence message: "Fazlur Rahman was a dreamer. Everyone will remember his contribution to the economy."

Mahbubul Alam, president of the Federation of Bangladesh Chambers of Commerce and Industry, expressed deep grief over Rahman's death.

Md Sameer Sattar, a former president of the Dhaka Chamber of Commerce & Industry, said Rahman was a source of pride for Bangladesh and set an example for the next generation.

He believes young businesspersons will follow in Rahman's footsteps to sustain business and contribute to the economy.