Abu Dhabi Ports Group seeks to invest $1b in Bay Terminal

CPA chairman says in press briefing

STAFF CORRESPONDENT, *Ctg*

Abu Dhabi (AD) Ports Group has offered to invest $1 billion to construct a multipurpose terminal, one of four under Bay Terminal, in a joint venture with Chittagong Port Authority (CPA), said CPA Chairman Rear Admiral Mohammad Sohail yesterday.

A deal will be signed to start the construction under a public-private partnership (PPP) by June next year, he told a press conference at the CPA on the port's successes in 2023 and plans for next year.

The Abu Dhabi-based investment and holding company has a broad portfolio of major enterprises, which also own and operate 10 ports and terminals, according to its website.

Up until now, Bay Terminal, to be constructed on the coast of Bay of Bengal, is scheduled to have two container terminals, a multipurpose terminal and an oil and gas terminal.

A joint venture of South Korean firms Kunhwa Engineering and Consulting Company Ltd and Daeyoung Engineering Company Ltd, has prepared the feasibility study and masterplan.

The government is already in an understanding with PSA Singapore and DP World of the United Arab Emirates to construct and operate the container terminals under a government-to-government basis under the PPP model.

The terminals will be capable of accommodating ships having a draft of up to 12 metres and with lengths of up to 260 metres, doing away with the current need for awaiting high tides to berth ships.

The multipurpose terminal was scheduled to be built by the CPA. The South Korean joint venture prepared the detailed drawing, design and other documentation works for it.

The plan for the liquid bulk terminal was taken up recently.

Once constructed, the country's fuel storage capacity will be equal to 2 months' demand against the current storage capacity of only 25 days, hoped the CPA chairman.

A view of the under-construction Bay Terminal, which is scheduled to have two container terminals, a multipurpose terminal and an oil and gas terminal.
PHOTO: STAR/FILE

A local private firm has expressed interest to invest $3.5 billion for the terminal, he said.

The World Bank has announced to invest in channel dredging and breakwater construction for the terminal, he said. A German joint venture of Sellhorn, WSP, KS and Aqua is engaged as its consultant.

The chairman hoped for total foreign investment in the Bay Terminal to reach around $7.5 to $8 billion and construction to start anywhere from June to July next year.

He further informed that Bangladesh has received a proposal of APM Terminal, a concern of Danish shipping company Maersk, to construct a container terminal at Laldia under a PPP model.

A Bangladesh-Denmark meeting will be held on January 3 in this regard, he said.

In spite of the adverse global economic situation, the Chattogram port managed to hold its membership of the "Three Million Club" in terms of container handling, said Sohail.

The "Three Million Club" refers to the group of ports which touched the milestone of handling 3 million TEUs (twenty-foot equivalent units) of containers.

Annual container handling by the port crossed 3 million TEUs for the first time in 2019 when the port handled 3.08 million TEUs of containers.

Due to the impact of the pandemic, the country's foreign trade plummeted in 2020, resulting in a sharp fall in the port's annual container throughput to only 2.84 million TEUs that year.

Following the handling of a record 3.22 million TEUs in 2021, the port made its way into the club.

The CPA chairman said the port handled around 3.04 million TEUs of containers till December 25 and this would hopefully reach 3.1 million TEUs, which was close to that of last year.

He hoped that total cargo handling would exceed record 12 crore tonnes this year as the port already handled 11.83 crore tonnes till December 25.

ICAB gets new president for 2024

STAR BUSINESS DESK

Mohammed Forkan Uddin, managing partner of MM Rahman & Co Chartered Accountants, a member firm of Russell Bedford International (UK), has been elected as president of the Institute of Chartered Accountants of Bangladesh (ICAB) for a one-year term at a council meeting yesterday.

Uddin will take charge on January 1, 2024 from Md Moniruzzaman after the end of the latter's one-year term on December 31, the institute said in a press release.

He was a partner of Masih Muhith Haque & Co, a member firm of RSM International, and served as a manager of Banco Finance & Investment Ltd.

Uddin became an associate member of the ICAB in 2005 and a fellow member in 2010. He was one of the vice-presidents of ICAB for 2020 and a council member of the institute for two consecutive terms.

Currently, Uddin is the chairman of the audit committee and a director of the board of directors of Unique Hotel & Resorts Ltd. He is also on the board of directors of Bangladesh Telecommunications Company Ltd (BTCL), Intech Ltd and Chartered Life Insurance Co Ltd.

He is a life member of Bangladesh Economic Association and Feni Samity, and vice-president of the Rotary Club of Baridhara Sunrise.

Meanwhile, MBM Lutful Hadee, the proprietor of Hadee Lutful & Co, Maria Howlader, managing partner and founder of Howlader Maria & Co, and Md Johirul Islam, a partner of A Qasem & Co, were elected as vice-presidents.

Hadee was the partner-in-charge of the taxation & legal compliance department of Howladar Yunus & Co (HYC), Chartered Accountants. He worked at Citycell, Grameenphone, and MFH Financial Services Ltd for more than 10 years.

Howlader has been serving Bangladesh audit, accounting, taxation and advisory practice since 2008. She was a partner in A Qasem & Co. She also worked for Hoda Vasi Chowdhury & Co. She became an associate member of ICAB in 2008 and fellow member in 2013.

Jahirul is a senior member of the Chittagong District Bar Association and Chittagong Taxes Bar Association, and a member of Rotary International.

LankaBangla to raise Tk 200cr thru bonds

STAR BUSINESS REPORT

LankaBangla Finance PLC, a non-bank financial institution, got approval from the Bangladesh Securities and Exchange Commission for the issuance of its zero-coupon bond to raise Tk 200 crore.

Its 4th zero-coupon bond, which will be a non-convertible and fully redeemable, will be issued at face value to generate liquidity to meet ongoing financing requirements, it said in a filing on the Dhaka Stock Exchange yesterday.

A zero-coupon bond is a debt security that does not pay interest but instead trades at a deep discount.

It will render a profit at maturity when the bond is redeemed for its full face value.

Loquit Ullah, a director of NRBC Bank PLC, inaugurates a sub-branch of the bank at Khaserhat in Subarnachar upazila of Noakhali yesterday.
PHOTO: NRBC BANK

NRBC Bank opens sub-branch

STAR BUSINESS DESK

NRBC Bank PLC launched a sub-branch of the bank at Khaserhat in Subarnachar upazila of Noakhali yesterday.

Loquit Ullah, a director of the bank, inaugurated the sub-branch as chief guest, the bank said in a press release.

"One of the bank's key services is providing microcredit loans for small businesses at low interest rates. Thus, NRBC Bank will play a role in the development of rural areas of Bangladesh," said Ullah.

Among others, Md Afzal Hossain, deputy general manager of Subarnachar Palli Bidyut Samity, Saiful Islam, executive director of Sagorika Unnayan Sangstha, Kazi Mohammad Ziaul Karim, manager of Feni branch of the bank, and Md Kamrul Hasan, manager of Chandina branch, were also present.

Business to face

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The managing director of BRAC Bank thinks policymakers took various measures to tackle the situation, but the responses were less than optimal, and the restrictions, particularly on interest rates, created a lot of problems.

He says 2024 will be a difficult year.

"The condition of five to six banks has worsened and measures have to be taken so that problems in these banks don't spread and turn into a systemic problem."

Hussain says influential people exert a lot of power in the banking sector.

"We have to come out of that. We need a lot of reforms in the banking sector. Reforms are also necessary to recover bad debts."

He said globally challenges exist owing to geopolitical tensions, and the risk of a wider conflict in the Middle East.

"The interest rate in the West, the main export destination of Bangladesh, is still high. The export sector may face challenges."

Md Zaved Akhtar, chairman and managing director of Unilever Bangladesh Ltd, said Bangladesh is likely to move to a higher inflation regime in 2024.

"Therefore, the country needs to make a fine balancing of currency corrections while taming any inflationary impact, maintain a strong BoP, and build resilience in financial account management. All of these will ensure sustainable growth of our businesses and country."

Ahsan Khan Chowdhury, chairman and CEO of Pran-RFL Group, says the outgoing year was challenging for the business community due to the dollar crisis and the high cost of imports.

Since a new government is expected to take some reform measures regarding the currency, the pressure on businesses may ease to some extent, he said.

"The domestic market may rebound as the political situation will remain stable," he said, adding that there will be challenges for businesses if the country faces any sanction from the West.

Tapan Sengupta, deputy managing director of BSRM, the largest steel-maker in Bangladesh, says they don't see a glimmer of light at the end of the tunnel to predict an improvement in business in the first quarter of 2024.

"The challenges for businesses will continue in 2024."

"However, if political stability is there and the economic and political situation improves both locally and globally, we may expect an improvement in the second half of 2024."

Mohammed Amirul Haque, managing director of Premier Cement Mills Ltd, thinks escalated inflation and a high rate of bank interest will increase the cost of doing business in 2024.

He added if the foreign exchange crisis improves, businesses will fare well in 2024.

"Exports will improve when the forex reserve situation gets a boost as the manufacturing sector will be able to import necessary raw materials."

Shams Mahmud, a former president of the DCCI, said industries in 2023 have gone through some shocks, especially in terms of abrupt increase in energy costs, the depreciation of the taka, the lifting of interest rate cap, and the spike in the rate of inflation, which have affected almost all spheres of people.

"In 2024, we hope to see major reforms, especially in taxation, financial, and energy sectors."

Mamun Rashid thinks if the early January election can be held peacefully and without much controversy, Bangladesh is poised for good growth given rising consumer demand.

"Many investments are awaiting provided there is more predictability in foreign exchange and interest rates."

He thinks development assistance from multilateral and bilateral partners is likely to continue. Foreign aid disbursement, however, might face extended scrutiny due to possible enhanced political risk.

Asif Ibrahim said external factors such as global trade dynamics, commodity prices, and geopolitical events can impact Bangladesh's economy in 2024.

The entrepreneur, however, thinks the textile and garment industry can capitalise on higher global demand for affordable clothing as long as it continues to focus on quality, sustainability, and ethical practices.

Challenges and opportunities for the economy and businesses in the new year will depend on a variety of factors, including domestic policies, global economic conditions, and industry-specific dynamics, said Ibrahim.

He suggested businesses adapt to changing conditions and seize on opportunities for growth and development.

420MW solar power

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The investment will cost approximately Tk 3,564 crore and the unit price will be Tk 10.99 per kWh.

The cabinet committee also approved two proposals of the Directorate General of Food under the food ministry to import 1 lakh tonnes of wheat from the United Arab Emirates (UAE) and Singapore for Tk 348.9 crore.

Of them, 50,000 tonnes of wheat will be imported from M/S Cereal Crops Trading LLC of UAE at Tk 175.5 crore while another 50,000 tonnes of wheat would be bought from M/S Agrocorp International Pte Ltd of Singapore at Tk 173.40 crore.

The committee also allowed the Trading Corporation of Bangladesh (TCB) to purchase 6,000 tonnes of lentils locally from Islam Trading in Chattogram at Tk 62.28 crore in fiscal year 2023-24 and 60 lakh litres of rice bran oil from Majumdar Products Ltd and MRT Agro Products BD Ltd at Tk 94.50 crore.

It also approved another proposal of Petrobangla to import 33.60 lakh MMBTUs (million British thermal units) of liquefied natural gas (LNG) from M/S Excelerate Energy LP in USA at a total cost of Tk 542.27 crore.

Continue duty benefit

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As the extended period of LDC status for Bangladesh will come to an end on November 24, 2026 and Japan has no grace period like the European Union (EU), Ghosh said the signing of the EPA was mandatory if Bangladesh and Japan wanted to enjoy duty-free trade facilities beyond 2026.

"I am very much hopeful that the EPA will be signed between the two countries. This is the first time Bangladesh is negotiating the signing of a full-fledged trade deal with a country like Japan, which offers great potential to Bangladesh," Ghosh said.

Bangladesh's export to Japan amounted to $1,901.60 million during FY 2022-23 and import from Japan stood at $2,020.90 million during the same period, according to Ghosh.

Although the balance of trade is tilted towards Japan, there are areas of common interest where the nations can cooperate for mutual benefit, he added.

The JSG identified 17 facets in scope and coverage in negotiating the proposed EPA, such as trade in goods and technical barriers to trade.

Additionally, there is huge demand for investment in the Japanese Special Economic Zone at Narayanganj's Araihazar upazila

The Japanese economic zone is expected to draw investments amounting to over $1.5 billion once it goes into full operation and generate employment for over one lakh people initially.

Bangladesh's garment export to Japan got a boost in January of 2011, when the Japanese government removed tariff barriers from knitwear imports originating in an LDC.

One of the characteristics of the bilateral trade structure between Bangladesh and Japan is that imports from Japan to Bangladesh are mainly industrial products such as steel, machinery, and automobiles, while imports from Bangladesh to Japan are mainly textiles and textile articles.

According to Bangladesh Bank, in FY2021-22, Japan was Bangladesh's 12th largest trading partner in exports (with a share of 2.3 percent) and 7th largest trading partner in imports (with a share of 3.2 percent).

In the past, Japanese trading companies and construction companies have entered Bangladesh. About 15 years ago, textile and logistics industries began to expand into Bangladesh due to its abundant and inexpensive labour force.

Foreign direct investment (FDI) from Japan to Bangladesh in FY2022 reached the largest ever amount recorded, hitting $122.72 million. It was $49.87 million in FY 2021.

Forex holdings

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Bangladesh's exports grew 1.3 percent year-on-year to $22.32 billion in four months to the end of November in the fiscal year 2023-24. Remittance inflows were also marginally higher during the period, according to the central bank's data.

On the other hand, year-on-year imports dropped 20.5 percent to $20.26 billion in the July-October period, leading to a fall in the requirement for payments.

As such, holdings of foreign exchange by banks has been on an upward trajectory.

A senior official of another private bank said not all the banks had seen increased foreign exchange holdings.

"Some banks are holding an increased amount of foreign exchange, supported by lower import payment obligations, an upward trend in inward remittances, and steady growth in export earnings," he added.

Syed Mahbubur Rahman, managing director and CEO of Mutual Trust Bank, said higher foreign exchange holdings in banks was a good trend. "But we need to see if we can retain this," he added.

Md Habibur Rahman, chief economist at the BB, said the taka appreciated in recent weeks because of increased inflows of foreign currency.

If holdings of foreign exchange reserves rise persistently, it is a good sign for the economy. The central bank will not be required to intervene in the market and depreciation pressure on foreign exchange will ease, he said.

NBR tightens rules

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NBR tightens rules for import "We offered the reduced import benefit for capital machinery and spare parts on the belief that this opportunity will not be misused," said the NBR official.

"But we have received quite a different feedback from the field," he said, explaining the reasons behind the rules requiring firms to maintain records of accounts of transactions related to VAT.