

USDA trims Bangladesh's rice production forecast

STAR BUSINESS REPORT

Bangladesh's rice production may decline slightly in marketing year (MY) 2023-24 as a result of partial damage to Aman rice crop, now being harvested in Southern coastal districts, the US Department of Agriculture (USDA) said last week.

Farmers will likely bag 3.63 crore tonnes of milled rice in the current marketing year beginning from May, down from 3.64 crore tonnes the previous year, the US agency said in its Grain and Feed Update on Bangladesh.

"This revision is due to partial damage to Aman season rice in some coastal districts caused by cyclone Midhili," the report said. The cyclone had hit Bangladesh on November 17 this year.

Aman, grown under monsoon rains, is the second largest rice crop after Boro, which is a dry season crop cultivated with the help of irrigation.

The USDA counts Aman season rice as the last crop of a marketing year. It said the crop is known as post-monsoon rice and is traditionally fully rainfed.

"Therefore, adequate and timely rains are important for good production," it added.

The cultivation usually begins in August and harvesting mainly takes place in November and December.

The US agency said, "Due to delayed rainfall during this year's Aman rice cultivation, farmers had to use supplementary irrigation for land preparation, transplantation, and irrigation purposes."

This incurred additional costs for farmers, adding to the already high input costs, the USDA said, revising downward its estimate on the cultivation area to 57.50 lakh for the current year, down 2.54 percent from its estimate the previous year.

In addition to reduced acreage, cyclone Midhili affected about 5-10 percent of the standing Aman paddy in the southern



PHOTO: MOSTAFA SHABUJ

Boro rice crops are currently being cultivated on this field in Gobindaganj upazila of Gaibandha following the harvest of Aman paddy. The USDA recently revised down its rice production forecast for Bangladesh considering the damage caused by cyclone Midhili.

coastal districts, mainly in the Barishal and Chattogram divisions.

"The affected paddy plants either bent or flattened, but the resulting damage was minimal," the USDA said.

As such, the agency revised its forecast for production of Aman rice, dropping it by nearly 5 percent to 1.39 crore tonnes from its estimate for the same crop the previous year.

The latest projection is one lakh tonnes lower than the USDA's previous projection.

However, the US agency said the production of Aus rice, harvested in July

and August, grew to 24 lakh tonnes in the current marketing year.

It also hiked its estimate regarding the output of Boro, the first crop of the current marketing year, by 1.52 percent to 2 crore tonnes.

IMPORT OF RICE AND WHEAT

The USDA also lowered Bangladesh's rice import forecast to 5 lakh tonnes as the government maintains its high tariff at 62.5 percent on rice imports, down from its previous forecast of 6.5 lakh tonnes.

It however projected that Bangladesh's wheat import would be 60 lakh tonnes

in MY24, beginning from July, which is 17 percent higher from its estimate of the country's wheat import of 51.2 lakh tonnes the previous marketing year.

The agency hiked its import prediction for the nation assuming "stable international prices and no supply chain disruptions".

Citing an industry contact, the USDA said Bangladesh imported 22 lakh tonnes of wheat in the first five months of MY24.

"The industry contact expects that this will increase further if international prices and the supply situation remains unchanged," it added.

Good corporate governance key to better business

SALEKEEN IBRAHIM

Corporate governance refers to a system of rules, practices, and processes by which a company is directed and controlled. There are four pillars of corporate governance: accountability, transparency, fairness and responsibility. However due to different kinds of biases and self-centred concerns, sometimes we find a lack of corporate governance in corporate houses.

The necessity of strong corporate governance in Bangladesh is crucial for several reasons, and a lack of proper governance will ultimately disrupt the business houses.

A robust corporate governance framework enhances transparency, accountability, and fairness in business operations and creates investors' confidence. This builds trust and confidence among stakeholders, both domestic and international, leading to increased investment and economic growth for the country.

Poor corporate governance practices can lead to a decline in a company's stock value. With a lack of corporate governance measures in place, investors may become less likely to invest in a company, leading to reduced access to capital. Without capital, it can be difficult for companies to maintain operations, grow, and prosper.

We have to keep in mind that good corporate governance ensures that shareholders' rights are protected, and their interests are safeguarded. This includes fair treatment, access to information, and mechanisms for the exercise of their voting rights.

Business ventures are always a game associated with risk factors. Only businesses that are successful have the capacity to take calculative risks.

Sound corporate governance practices require the establishment of effective risk management systems and enable companies to identify, evaluate, and manage risks effectively, contributing to their long-term sustainability and resilience. On the other hand, weak corporate governance creates an environment where fraudulent activities and mismanagement can flourish.

Obviously, strong corporate governance ensures that boards are accountable to shareholders and act in their best interests. It promotes a culture of responsible impartial decision-making, oversight, and strategic planning, which are essential for the long-term success of a company.

A good strategic plan backed by strong corporate governance always leads an enterprise to long-term sustainability and a prosperous future. Corporate governance safeguards the interests of all stakeholders, including employees, customers, suppliers, and the wider community.

It ensures that their rights and concerns are considered in decision-making processes and that their participation is encouraged.

Eventually, a well-structured corporate governance framework helps companies comply with laws, regulations, and corporate governance codes. This minimises legal and reputational risks, and helps companies avoid penalties and sanctions. A lack of corporate governance measures can lead to reputational damage for a company. This damage can be long-lasting and have serious financial implications, including loss of revenue and legal costs.

In recent years, Bangladesh has recognised the importance of corporate governance and has made efforts to strengthen its corporate governance practices. The Companies Act 1994, the Bangladesh Securities and Exchange Commission, and the Institute of Chartered Secretaries of Bangladesh are some of the regulatory bodies that oversee corporate governance practices.

Overall, the adoption and widespread progression of strong corporate governance practices in Bangladesh is essential for the sustainable growth and development of businesses, attracting investment, and creating a favourable business environment.

The author is a banker

Bangladesh not using Uyghur items: BGMEA

REFAYET ULLAH MIRDDHA

There is no chance of Bangladeshi garment factories using materials like cotton, yarn and fabrics produced in China's Xinjiang region, said Faruque Hassan, president of the Bangladesh Garment Manufacturers and Exporters Association (BGMEA), yesterday.

Bangladesh does not import cotton from China. Rather, it imports a very low amount of yarn and a lot of garment fabrics but not those produced in Xinjiang, he said.

Faruque was responding to The Daily Star's request for comments over the US Department of Homeland Security (DHS) reiterating earlier this month that American customs would not release goods made from materials of forced labour of Uyghurs in China.

A Uyghur Forced Labor Prevention Act (UFLPA) Entity List, signed into law by President Joseph R Biden in December 2021, prohibits goods, either produced in Xinjiang or by entities identified on the list, from being imported into the US.

The Commissioner of US Customs and Border Protection (CBP) also determines, by clear and convincing evidence, whether or not goods were produced with forced labour, according to a statement of United States Trade Representative (USTR).

The CBP began enforcing the UFLPA in June 2022, reviewing over 6,000 shipments valued at more than \$2 billion till date.

During this time, 1,093 shipments worth \$46 million were seized, the most being electronic materials followed by apparel, footwear and textile items.

Of the amount, there were Chinese shipments worth \$20.15 million and Vietnamese \$19.72 million. Other countries such as Cambodia and Sri Lanka are in the list.

Of the shipments, the CBP released 339 and denied 571.

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Conflict among lighter vessel owners deepens

STAFF CORRESPONDENT, Ctg

Leaders of the Inland Vessel Owners Association of Chattogram (IVOAC) yesterday accused a section of leaders of the Bangladesh Cargo Vessel Owners Association (BCVOA) of orchestrating the obstruction of loading, unloading, and transport of goods from the former's allocated vessels.

IVOAC Vice President Parvez Ahmed alleged at a press conference that its lighter vessels had started being obstructed by miscreants backed by a section of BCVOA leaders the day after a meeting between three vessel owners' platforms held at the DG Shipping office on December 24.

He also alleged that an IVOAC monitoring team was attacked by miscreants when they went to the Shah Cement Ghat area in Mokterpur in Narayanaganj to inspect the situation on Wednesday.

IVOAC President Shafiq Ahmad and General Secretary Azizur Rahman also spoke, lamenting the situation and asking those involved to refrain from such activities.

On December 19, the IVOAC broke away from

the Water Transport Cell (WTC), a Chattogram-based private platform comprising three vessel owners' platforms that has been coordinating the renting out of vessels in rotation since 2003.

The IVOAC accused the WTC management of financial irregularities and started operating lighter vessel independently.

Its leaders said they split from the platform after a High Court ruling last year declared a circular issued by the shipping department in 2021 -- which made it mandatory for all lighter vessel owners to obtain serial numbers in line with the WTC's policy -- illegal.

In a meeting on December 24, the decision was taken to form a seven-member committee, comprising two members from each of the three organisations, to identify problems in the existing vessel allocation procedures of the WTC, according to meeting minutes.

The minutes of the meeting stated that cargo transport would continue as before.

IVOAC VP Parvez yesterday said IVOAC had been allocating vessels separately since WTC's vessel allocation procedures had been declared illegal by the High Court.

READ MORE ON B3



RED SEA IMPASSE

Freight rates from Asia spike by 53%

ANN/THE STATESMAN

Freight rates from Asia have spiked by 53 percent in a month depending on the route plus container shipping giants and oil super major British Petroleum having halted transit via the Red Sea-Suez Canal route after the attacks, the latest Freightos data shows.

The disruption assumes significance as Bab-el-Mandeb Strait, which connects the Mediterranean Sea to the Arabian Sea via the Red Sea and the Suez Canal, is vital for 30 percent of global container traffic and India relies on the route to trade with parts of West Asia, Africa, and Europe.

Reports suggested that a majority of the insurance companies have refused to cover shipments crossing the Red Sea after Yemen-based Houthi militants hit a Liberian-flagged ship Palatium III with an anti-ship ballistic missile, with some insurers starting to levy a \$5,200 war risk surcharge over and above the freight charges.

Speaking on the impact of higher freight costs via the Red Sea and the Suez Canal, Madhavi Arora, Lead Economist, Emkay Global, highlighted how it will affect the oil, gas, auto, chemicals and logistics industry.

"For India, oil, gas, bulk of crude and LNG come through the Persian Gulf. Hence, the Red Sea issues won't hamper those flows much. However, Russian oil flows from the Black Sea, which may be affected and rerouted," Arora said.

For the auto industry, Arora said the freight costs may increase marginally for export-oriented companies. Delay in shipments may not have as severe an impact as during the chip shortage crisis as channel inventories have largely normalized, she said.



The photo taken on December 13 shows automated fuel loading systems at the grounds of a fuel tank farm of Russia's oil pipeline giant Transneft. Russia may produce between 515 and 538 million tonnes of oil next year, while exports will be broadly unchanged, at 250 million tonnes.

PHOTO: AFP

Russian oil output may hold steady in 2024

REUTERS, Moscow

Oil output in Russia, the third largest producer in the world after the United States and Saudi Arabia, is expected to be steady or even to increase next year as Moscow has largely overcome Western sanctions, analysts said.

The government has said that Russian oil and gas condensate production is set to decline to 527 million metric tons (10.54 million barrels per day) this year from 535 million tons in 2022, as Moscow has restrained supply in line with its agreement with the Opec+ group, comprising the Organization of the Petroleum Exporting Countries and allies.

According to the poll, Russia may produce between 515 million tons and 530-538 million tons of oil next year, while exports will be broadly unchanged, at 250 million tons.