



Tea growers in Bangladesh enjoyed bumper yields in 2023 but were ultimately let down by poor sales and prices for the popular beverage crop. Nevertheless, this is the first time tea production in the country could exceed 100 million kgs in a single year. PHOTO: MINTU DESHWARA

## Americans should cheer up about falling inflation

### IMF's Georgieva says

REUTERS, Washington

International Monetary Fund Managing Director Kristalina Georgieva said Americans should "cheer up" about the US economy, as inflation subsides further in 2024 amid a strong job market and moderating interest rates.

Georgieva told CNN in an interview that aired on Tuesday that the US economy is "definitely" headed for a "soft landing" with fairly strong growth prospects.

"People should be feeling good about the economy because they finally would see relief in terms of prices," Georgieva said, praising the Federal Reserve's "decisiveness" in raising interest rates to fight inflation.

"While that has been painful, especially for small businesses, it has brought the desired impact without pushing the economy into recession," Georgieva added.

Asked why many polls show Americans pessimistic about the economy, the IMF chief said that consumers had become accustomed to low inflation and very low interest rates for many years, and when both jumped in recent years, it was a shock.

"My message to everyone is, you have a job and interest rates are going to moderate this year because inflation is going down. Cheer up. It is a new year, people," Georgieva said.

# Tea growers saw bumper yields in 2023

Annual production may hit historic high

DWAIPAYAN BARUA, Chattogram

Tea production in Bangladesh may have reached a historic high in 2023 as growers secured bumper yields in the first 11 months of the year, according to industry people.

As per data of the Bangladesh Tea Board, the 168 tea gardens across the country had suffered a slow start to the season in face of insufficient rainfall.

But the favourable weather that soon followed helped them secure bumper yields of 95.34 million kilograms (kgs), exceeding the previous year's overall production by 10.79 percent.

Major General Md Ashrafur Islam, chairman of the Bangladesh Tea Board, hopes tea production may now exceed the annual target of 102 million kgs if December's figures are included.

However, this is the first-time tea

production in the country could exceed 100 million kgs in a single year.

Islam said proper planning and implementation on their part are to thank for the rise in tea production.

For example, the tea board previously made it mandatory for all conventional tea gardens to widen their production area by 2.7 percent annually while failure to do so would result in penalties.

Besides, training on modern production methods are regularly arranged for tea growers with technical assistance from global firms, such as the London Tea Exchange, he added.

Islam also informed that huge volumes of tea are currently being grown by small-scale farmers in the country's northern region, thereby boosting overall production.

On the other hand, tea growers have no reason to cheer for higher

production as prices remain sub-par. Kamran Tanvirur Rahman, chairman of the Bangladesh Tea Association, said favourable weather and the establishment of many new tea plantations over the past few years has helped increase production.

But while gardens in the northern region are producing big quantities, the quality of their tea is far lower than that grown by conventional gardens in Sylhet and Chattogram.

"This is leading to oversupply, which is downgrading the overall market," he added.

He also expressed frustration over the steep fall in the sale and prices of tea at weekly auctions last year.

"The sector was dealt a heavy blow by poor prices and sales while production costs rose," Rahman said.

"If sales and prices do not improve, many gardens will shut down due to losses," he added.

## NBR chairman reappointed

STAR BUSINESS REPORT



The government yesterday extended the contractual appointment of Abu Hena Md Rahmatul Muneem as senior secretary and chairman of the National Board of Revenue (NBR) for two more years.

He will also head the finance ministry's Internal Resources Division (IRD), which is responsible for raising domestic revenue for the government.

Muneem took the charge of the IRD in January 2020 and succeeded Md Mosharraf Hossain Bhuiyan.

Muneem joined Bangladesh Civil Service (Administration) on January 21 of 1986. He completed his postgraduation in geology from the University of Dhaka.

## Sonali Bank returns funds mistakenly deducted

STAR BUSINESS REPORT

Sonali Bank has returned funds which were deducted from client accounts with some branches in Tangail due to a "technical error" involving a software.

On January 1 this year, a number of accountholders of the state-run bank found that different amounts of money had been deducted from their accounts with the branches.

The next day the bank received multiple complaints about such fund deductions.

A technical error in the bank's software caused the fund deductions, a top official of the bank told The Daily Star requesting anonymity.

"As soon as we identified the discrepancy, we resolved it on the same day. The deducted funds returned to the clients' accounts automatically," he said.

STOCKS	
DSEX ▲	CASPI ▲
0.08%	0.06%
6,238.43	18,498.02

  

COMMODITIES	
Gold ▲	Oil ▼
\$2,064.05	\$70.22
(per ounce)	(per barrel)

  

ASIAN MARKETS			
MUMBAI	TOKYO	SINGAPORE	SHANGHAI
▼ 0.47%	▼ 0.22%	▼ 0.79%	▲ 0.17%
71,563.89	33,464.17	3,204.42	2,967.25

## Energy sector was hobbled

FROM PAGE B1

popular cooking fuel, with private operators meeting 95 percent of demand. Around 16 lakh tonnes of the fuel were imported last year, a 7.8 percent increase from a year earlier.

Currently, the country's total power production capacity stands at 25,951 megawatts, and another 5,480 MW is expected to be added to the national network this year.

The generation will be 17,800 MW in April, the first summer month. Only for irrigation, Bangladesh will need an additional 2,590 MW, according to a government projection.

During the irrigation season from January to May, the government plans to ensure a supply of 1,760 million cubic feet of gas per day, 155,000 tonnes of furnace oil, and 15,600 tonnes of diesel.

Analysts say the country has enough power generation capacity. But the main problem lies in ensuring the primary energy supply for power plants.

In a report in December, S&P Global cut Bangladesh's imports of high sulfur fuel oil (HSFO), consumed by ships and power plants, pressured by a persistent scarcity of funds and substantial payments outstanding from the government to importers.

Citing Imran Karim, the immediate past president of the Bangladesh Independent Power Producers' Association (BIPPA), it said the nation is likely to import around 3.5 million tonnes of 180-cst HSFO in 2024, down about 9 percent from 2023.

The 180-cst fuel oil is often used as cutter stock to blend down heavy fuel oil grades to bunker specification fuel.

This week, BIPPA President Faisal Khan told The Daily Star that local commercial banks are unable to open required letters of credit for fuel imports owing to a shortage of dollars.

Banks are also struggling to settle LCs related to foreign loan repayments and spare parts procurement.

"The power sector requires support from the Bangladesh Bank to ensure uninterrupted power generation. We hope mechanisms will be in place to ensure fair pricing of the US dollar," he said.

In 2024, the government will need to introduce automatic fuel pricing in line

with the conditions of the International Monetary Fund's \$4.7 billion loan programme, moving away from the state-led price fixation.

The move is also aimed at reducing subsidies, estimated to be Tk 32,000 crore in the current fiscal year of 2023-24.

In 2022-23, the government allocated around Tk 23,000 crore subsidy for the sector but it soared to Tk 39,534 crore at the end due to the depreciation of the taka, gas price hike and higher electricity imports from India.

The automatic pricing may raise gas and electricity prices locally, leading to a spiral in inflation, which has already surged to record levels and shows no signs of cooling.

Prof AK Enamul Haque, dean of the faculty of business and economics at East West University, said the decision will have an inflationary impact, so the government needs to deal with it carefully.

"If we adjust prices regularly on shorter intervals, volatility will increase and the government may lose control of the situation."

He calls the sharp decline in the forex reserves as a dangerous sign.

"The government is apparently in trouble, which will intensify if they don't change their major policies."

Prof Haque said if the government increases electricity and gas prices to reduce the subsidy burden, it might create trouble for sectors such as garments since they might see an erosion in competitiveness in the global market.

One of the main problems in the power sector of Bangladesh is overcapacity stemming from higher generation facilities amid lower-than-expected demand.

According to Prof Haque: "If we increase prices without retiring idle power plants, the burden will only increase."

Ijaz Hossain, a former dean of the engineering faculty at BUET, doesn't think that the forex situation will improve overnight.

He said the government has pushed back hiking energy prices until after the election.

"The government must hike the

prices but the decision will have an impact on the economy, which will be challenging to tackle. So, it requires to take some radical decisions."

"Our first priority should be stabilising the dollar rate."

The taka has lost its value by about 28 percent against the US dollar in the past two years, central bank data showed.

Jakaria Jalal, head of strategy and planning at Bashundhara IP Gas Ltd, the market leader, said LPG importers struggled to manage dollars over the last year.

"We were unable to open LCs despite giving the required cash margin. Some companies were unable to purchase LPG from the international market and need support from other companies to do this effect."

The LPG sector posted a 7.8 percent year-on-year growth in 2023, he said.

He said the auto-gas segment of LPG used in vehicles as an alternate fuel is becoming popular. "But there are some bureaucratic problems in setting up refuelling stations."

In 2024, LPG use in industries may increase as the government is drawing up regulations to make that happen amid the persisting gas crisis, he added.

## Evaly asked

FROM PAGE B1

In six months to the end of December of FY24, earnings from export of jute and jute goods fell 10 percent year-on-year to \$436 million. With this, the cumulative losses in export in the sector stands at 40 percent since FY22.

"We are facing a number of challenges. There is no possibility of improvement soon," said Helal Ahmed, chief operating officer of Janata Sadat Jute Mills, one of the leading jute exporters.

Export of jute goods, including the main product, jute yarn, declined both in value and volume because of reduced demand in Europe and other markets, including Turkey, a major buyer of jute yarn, he said.

The demand for carpets has fallen in the global market due to high inflation and economic slowdown, he said, adding that factories in Turkey were running at 60 percent capacity.

Prices of jute yarn have fallen to

## Freight charges up for export, import

FROM PAGE B1

week from 55 last week, and from 18 a month ago.

At least \$80 billion worth of cargo has already been diverted, the CNBC also said.

The total capacity is estimated at 4.5 million containers, or 20-foot equivalent units (TEUs). The value of a container bound for the Suez is \$50,000, according to freight consultancy MDS Transmodal.

So far, the situation has affected \$225 billion in trade, added the CNBC.

A number of media reports stated that freight rates from Asia have spiked by over 50 percent.

Major shipping lines announced to impose additional surcharges ranging from \$700 to \$1,500 per TEU container.

AP Moller-Maersk 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", it stated in a customer advisory on December 21.

It also announced that it would

charge a "Peak Season Surcharge" (PSS) of \$1,000 per 40-foot box from January 1.

Mediterranean Shipping Company (MSC) announced a "Contingency Adjustment Charge" (CAC) of \$1,000 per 20-foot container and \$1,500 for a 40-foot container from January 1.

It will be applicable 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, it said.

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 in December announced that they would apply an "Emergency PSS" of \$500 for all container types on Asia-Europe trade from January 1.

Hapag-Lloyd and HMM Company also announced similar charges.

A senior executive of a foreign shipping line told The Daily Star yesterday that most shipping lines were considering to impose more charges

from mid-January if the crisis persists.

Usually, it takes 30 to 35 days for ships to reach European destinations through the Red Sea on departing transshipment ports in Sri Lanka, Singapore and Malaysia with Bangladesh goods, said Faruque Hassan, president of the BGMEA.

"At least 10 more additional days will (now) be needed," he said.

This will raise freight costs, which domestic garment suppliers will have to ultimately bear, said the chief of the Bangladesh Garment Manufacturers and Exporters Association (BGMEA).

This might also necessitate use of expensive air shipments to meet deadlines of international clothing retailers and brands, he said.

The freight charge has already increased by \$700 to \$800 per container in case of import-laden vessels, said Mohammad Ali Khokon, president of Bangladesh Textile Mills Association (BTMA).

The BTMA is a platform of the primary textile millers who annually import nearly 10 million bales of cotton, a major portion of which arrive through the Suez Canal route.

## Seven major sectors fell from grace

FROM PAGE B1

\$900-\$950 per tonne from \$1,200-\$1,300 per tonne a year ago, according to Ahmed.

"At present, we are facing severe challenges with regard to freight," he said, citing that shipping operators were charging more as they had to reroute vessels in the wake of the Red Sea impasse.

Ahmed said many small factories have shut down because of reduced export, leaving workers jobless.

For exporters of frozen and live fish, farmed in the southern coastal regions of the nation, FY24 has been the second consecutive year of decline in export.

"There is no demand abroad," said Kazi Belayet Hossain, president of Bangladesh Frozen Foods Exporters Association, fearing that overall export in the sector may decline by 28 percent this year.

Shyamal Das, managing director of MU Sea Foods, a frozen foods exporter,

said the major market for frozen fish is Europe and it is suffering from the consequence of high inflation and the Ukraine-Russia war.

"We may see a recovery in the fourth quarter of this fiscal year because of the early harvest of black tiger shrimp and reduced stock at our buyers' end," he said.

Kamruzzaman Kamal, director of marketing at PRAN-RFL Group, which exports processed food items and bicycles among other products, said sales in the west had improved in the November-December period.

So, orders are going to increase in the coming months, he said, adding that PRAN's export of food products grew in the first six months of the current fiscal year.

Data from the EPB showed that export of agricultural products, which plunged in the fiscal year 2022-23, grew 2 percent to \$507 million in the July-December period of FY24.