DBH Finance's profits fell in 2023

STAR BUSINESS REPORT

DBH Finance PLC recorded a Tk 98.45 crore profit in 2023, a 3 percent slide year-on-year.

The specialised housing finance institution made Tk 101.63 crore profit in 2022.

Thus, earnings per share (EPS) of DBH slumped to Tk 4.95 last year from Tk 5.11 the previous year, according to a filing on the Dhaka Stock Exchange.

EPS is a company's net income subtracted by preferred dividends and then divided by the average number of common shares outstanding. The resulting number serves as an indicator of a company's profitability.

The board of directors recommended a 15 percent cash dividend for the year that ended on December 31, the same as in the last three years.

The annual general meeting will take place on May 16. Shares of DBH declined 2.91 percent to Tk 43.3 yesterday.

Govt offers Tk 64cr incentive to boost Aush cultivation

STAR BUSINESS REPORT

The agriculture ministry has announced a Tk 64.15 crore incentive package to encourage small and marginal farmers to produce Aush paddy and boost overall production.

Aush paddy saplings are transplanted after March 15.

Under the initiative, the agriculture ministry will provide incentives to 9.40 lakh small and marginal farmers.

Each farmer will receive a package containing 5 kilogrammes (kgs) of seeds and 10 kgs each of DAP (diammonium phosphate) and MOP (muriate of potash) fertilisers, sufficient for one bigha of land, according to a press release.

The programme focuses on distributing high-yielding paddy seed varieties, such as BRRI Dhan 48, BRRI Dhan 82, BRRI Dhan 85, BRRI Dhan 98, BINA Dhan 19 and BINA Dhan 21.

Funded through the ministry's regular budget for agricultural rehabilitation assistance and the seeds and seedlings sector, the government has already issued an order for the programme's implementation.

The distribution is set to begin shortly at the field level, the press release added.

The announcement comes as farmers are set to start sowing Aush paddy.

Farmers cultivated Aush on 10.5 lakh hectares in 2023 and yielded 30.4 lakh tonnes of rice. The production reflected a 4.8 percent year-on-year increase, according to data from the Department of Agricultural Extension. Aush accounts for nearly 5 percent of the annual rice production of Bangladesh.

Laldia container terminal project gains momentum

The project site of Laldia container terminal in Patenga area of Chattogram. PHOTO: RAJIB RAIHAN

THE PROJECT AT A GLANCE

- To be built on Laldia Char in Karnaphuli river
- Will have quay length of **450** metres, berth depth of **10.5** metres and vessel draft of **9.5** metres
- APM Terminals nominated to develop the project
- Cabinet Committee on Economic Affairs approved the project in March 2013
- Faced delays for difficulties in land acquisition
- To be built under PPP agreement and on **G-2-G** basis
- CPA has formed seven-member project delivery team
- AP Moller Maersk will likely invest **$300-$400** million

DWAIPAYAN BARUA, *Chattogram*

AP Moller Maersk, a Danish shipping and logistics company, will likely invest between $300 and $400 million for constructing the Laldia container terminal at Chattogram Port, according to project officials.

With the government's official nomination, APM Terminals, a subsidiary of AP Moller Maersk, will develop the first BOT (build-operate-transfer) port project in Bangladesh under a public-private partnership (PPP) and on a government-to-government basis.

Besides, various preparatory works for the initiative have been ongoing at full swing since January earlier this year, they said.

With a quay length of 450 meters, berth depth of 10.5 meters and vessel draft of 9.5 meters, the Laldia container terminal will help address the increasing demand for efficient and sustainable container handling services, according to the PPP Authority.

Commodore M Fazlar Rahman, member (harbour and marine) of the Chittagong Port Authority (CPA), has been appointed as project director.

Rahman will be heading a seven-member project delivery team comprising representatives of the shipping ministry, PPP Authority and the CPA.

Meanwhile, the PPP Authority has formed a project assessment committee (PAC) led by Md Mushfiqur Rahman, secretary and CEO of the autonomous government agency that regulates all public-private partnerships in Bangladesh.

CPA Secretary Md Omar Faruk informed that APM Terminals recently proposed holding a virtual meeting with the project team on March 12 to discuss the navigability and depth of Karnaphuli channel.

Faruk said the subsidiary of Maersk also requested that representatives of the UK-based HR Wallingford, which is conducting a survey on Karnaphuli channel, be present at the meeting.

Various preparatory works for the initiative have been ongoing at full swing since January this year, officials said

The Cabinet Committee on Economic Affairs approved the Laldia terminal project on March 11, 2013.

Primarily, it was supposed to build a bulk cargo terminal at the site, but later the government decided to develop a multipurpose terminal to handle both bulk cargo and containers.

But the initiative faced delays as the project area, Laldia Char, was occupied by illegal establishments that were home to about 2,000 families.

The CPA moved to evacuate the land several times but failed due to resistance from locals before finally succeeding in 2021.

Maersk Group had come up with its proposal to set up Laldia container terminal early last year while its Chairman Robert Uggla expressed the same interest in a meeting with Prime Minister Sheikh Hasina later on August 27.

The project then started gaining pace after the prime minister gave the nod to Maersk's proposal.

APM Terminals had accepted Bangladesh's formal offer for the project at the first joint platform meeting in this regard between Bangladesh and Denmark on January 3 earlier this year.

CPA Chairman Rear Admiral Mohammad Sohail told The Daily Star that the committees and the CPA technical team are conducting meetings on a regular basis.

The PPP Authority is preparing to appoint a global firm as transaction adviser for the project while APM Terminals is also conducting a feasibility study, he said.

The CPA will start negotiations with APM Terminals regarding the project upon completion of a detailed feasibility by the transaction adviser, Sohail added.

The CPA chairman hoped the negotiations will not take much time as the CPA is now well experienced in this regard.

For example, the CPA recently completed negotiations with Saudi port operator RSGTI and reached a successful concession agreement for appointing the firm to operate the Patenga container terminal.

The 'capacity trap' in RMG

MD MOHIUDDIN RUBEL

The garment industry, a cornerstone of Bangladesh's economy, faces a looming challenge, i.e. overcapacity. The unplanned expansion and excessive capacity in a few products created a major fault line for the industry.

To be more specific, the industry is overwhelmingly concentrated on three major products -- T-shirts, trousers and sweaters -- where investments flooded over the decades, creating a capacity trap.

The pre-emptive expansion started since the early days. Till the end of 2004, the Multi-Fibre Arrangement (MFA) quotas ensured duty-free access for Bangladesh's garment to the US. Anticipating a shock in demand after quota removal, factories aggressively scaled up their capacity to offset the marginal impact of tariffs, creating a further capacity on selected quota categories, which gradually led to the over-concentrate scenario.

Overcapacity erodes the bargaining power and price negotiation capacity of manufacturers. Factories prioritised utilising existing capacity by offering lower prices, squeezing margins and leaving limited room for higher-value goods. This has created a vicious cycle: low prices attracted more basic garment orders, further reinforcing overcapacity.

Overcapacity is also directly linked to unhealthy competition among factories resulting in price undercutting. Because of the easy access to basic garment orders, factories lack the incentive to invest in innovation or upskilling their workforce for more complex products.

The spectre of overcapacity looms large over the RMG industry, threatening its long-term competitiveness and growth. To escape this and build a sustainable future, a multi-pronged approach is crucial, encompassing both strategic planning and proactive interventions.

The first essential step is a comprehensive national capacity mapping exercise. This involves gathering data on production capacities across various garment categories, analysing investment patterns, and identifying potential gaps. Armed with this knowledge, stakeholders, including the government, can develop targeted strategies to facilitate the right investments on a real-time basis, thus ensuring quality capacity expansion aligned with growth potential.

Bangladesh can't afford to remain stuck in low-value production. Besides, the wage dynamics and macroeconomic trends do not support a business-as-usual scenario. Investing in cutting-edge technologies like automation and robotics can significantly boost efficiency, reduce production costs, and enhance product quality. Establishing dedicated innovation hubs and fostering research and development collaborations will further accelerate technological advancements.

A skilled and adaptable workforce is the cornerstone of any successful industry. Skill development programmes should go beyond basic sewing and machine operation skills, encompassing areas like design, quality control, and advanced manufacturing techniques. These programmes should equip workers with the necessary expertise to handle complex manufacturing processes and produce high-end goods.

The government has a crucial role to play as well. Offering tax breaks or subsidies for investments in R&D and skill development programmes can incentivise diversification and innovation. Additionally, providing financial assistance for technology adoption and upskilling initiatives can empower factories to embrace change.

While LDC graduation restricts unconditional cash incentives, creative solutions like tax breaks and subsidising enterprise-based skills training programmes are required. Investments in desired product categories that have a clear market opportunity and add higher value to the economy, should be supported by the government in a manner compliant with the rules of the World Trade Organisation.

The overcapacity challenge is not insurmountable. Through a collaborative effort involving industry stakeholders, policymakers, and educational institutions, the RMG industry can break free from the trap and build a sustainable future.

By embracing innovation, diversifying the product portfolio, upskilling the workforce, and leveraging government support, Bangladesh can transform its garment industry into a dynamic and competitive undertaking for the next decades.

The author is a director of the Bangladesh Garment Manufacturers and Exporters Association

US leads global oil production for sixth year

REUTERS

US crude oil production lead global oil production for a sixth straight year, with a record breaking average production of 12.9 million barrels per day (bpd), the Energy Information Administration (EIA) said in a release on Monday.

In December, US crude oil production hit a new monthly record high of over 13.3 million bpd, the agency said. "The United States produced more crude oil than any nation at any time, according to our International Energy Statistics, for the past six years in a row," the EIA added.

The EIA says it is unlikely that the record will be broken by another country in the near term.

Elsewhere, Saudi Arabia's government in January ordered Aramco to halt its oil expansion plan and to target a maximum sustained production capacity of 12 million barrels per day (bpd), one million bpd below a target announced in 2020.

Global benchmark Brent fell on Monday, dipping below $82 a barrel, as persistent geopolitical concerns in the Middle East and Russia collide with jitters about softening demand in China.

Recently, Opec+ members led by Saudi Arabia and Russia agreed to extend voluntary oil output cuts of 2.2 million barrels per day into the second quarter, giving extra support to the market amid concerns over global growth and rising output outside the group.

Opec, IEA further apart in their oil demand forecasts

REUTERS, *London*

Producer group Opec and the International Energy Agency, the world's most closely watched forecasters of oil demand growth, are further apart than they have been for at least 16 years in their views on fuel use, according to Reuters research.

The gap between the IEA, which represents industrialised countries, and the Organization of the Petroleum Exporting Countries means the two are sending divergent signals to traders and investors on oil market strength in 2024 and, for the longer term, about the speed of the world's transition to cleaner fuels.

In February this year, the IEA predicted demand will rise by 1.22 million barrels per day (bpd) in 2024, while in its February report Opec expected 2.25 million bpd. The difference is about 1 percent of world demand.

"The IEA has a very strong perception that the energy transition will move ahead at a much faster pace," Neil Atkinson, a former head of the IEA's Oil Markets Division, said. "Both agencies have boxed themselves in with a position, which is why they have this enormous gulf in demand forecasts."

To set the difference in context, Reuters analysed the changes each agency has made to its oil demand forecasts from 2008 to 2023, and the first two months of this year.

The period was chosen to give a long enough time series to draw conclusions and because it included extreme volatility in oil demand, starting with the 2008 financial crisis and ending with the 2020 pandemic and subsequent demand recovery.

Oil rig pumpjacks extract crude from the Wilmington Field oil deposits area near Long Beach, California. PHOTO: REUTERS/FILE

International oil futures hit an all-time high of almost $150 a barrel in July 2008, compared with roughly $80 now.

Reuters' analysis of 16 years of IEA and Opec monthly reports found the 1.03 million bpd gap in February was the biggest in per-barrel terms in that period.

The IEA, asked about the gap between the two agencies' 2024 forecasts and whether it saw its forecasts as more accurate than Opec's, said this year's demand slowdown amounted to a return to the growth trends seen before the pandemic, and the slowdown is already visible in oil deliveries data.

"We expect this to continue this year, with mobility indicators suggesting that road and air traffic are stabilising," the IEA said, adding it could not comment on other organisations' forecasts.

Opec, also asked to comment on the gap and whether it saw its forecasts as more accurate, said its 2023 demand growth forecast of 2.5 million bpd was only slightly below its initial number given in July 2022.