PCT to begin operations on Monday

DWAIPAYAN BARUA, *Ctg*

Operational activities at the Patenga Container Terminal (PCT) will officially begin on Monday under Saudi operator Red Sea Gateway Terminal (RSGT), potentially ushering in a modern era of smart and speedy port operations in the country.

It will mark the first instance of a foreign firm handling operations at a port terminal in the country.

The long wait came to an end last week when the National Board of Revenue (NBR) provided temporary approval to RSGT Bangladesh Limited, allowing them to conditionally start operational activities under the supervision of the Chittagong Port Authority (CPA).

CPA Secretary Md Omar Faruk said the Saudi firm was set to start operations by handling cargo aboard the Maersk Davao container vessel on Monday.

The Singapore-flagged vessel, carrying 1,747 TEUs of import containers from the Port of Tanjung Pelepas in Malaysia, arrived on Saturday and is berthed at jetty No. 9 of the port's General Cargo Berth (GCB).

After unloading the import containers, the vessel will berth at a jetty at the PCT on Monday, where it will be loaded with around 1,000 TEUs of export containers, including empty ones.

It will leave for Indonesia two days later, informed port officials.

Initially, only geared vessels equipped with onboard cranes can be handled at the PCT as the Saudi firm needs two more years to bring and install quayside gantry cranes.

An official of a foreign shipping firm said container handling at the PCT would be quicker and smoother as RSGT plans to receive export containers from ICDs three days prior to the arrival of ships.

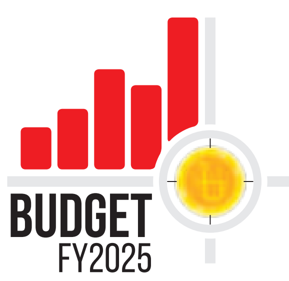
Currently, several export containers reach the jetties just a few hours before ships have departed, causing hassles in the smooth stacking of containers.

Sources said around 300 TEUs of empty containers and some export-laden containers bound for the Maersk Davao had arrived at the PCT from different ICDs yesterday.

According to NBR conditions, all imported LCL (less-than-container load) containers need to be physically examined before being sent to the South Container Yard while all FCL (full container load) containers must be physically examined as per the customs risk management system until the installation of a scanner at the PCT.

A partial view of the Patenga Container Terminal, the country's latest terminal that boasts three container jetties and a dolphin jetty. Saudi firm RSGT has been appointed to equip and operate the terminal for 22 years. Given its close proximity to the Karnaphuli estuary, the PCT is more easily accessible than other port jetties and promises faster loading and unloading of containers. PHOTO: RAJIB RAIHAN

Textile, garment makers urge govt to reconsider their demands



STAR BUSINESS REPORT

Textile millers and garment makers in Bangladesh yesterday demanded that the government include some of their recommendations in the new national budget as many of the issues they raised remain unaddressed.

For instance, garment exporters had demanded the reduction of source tax from the existing 1 percent to 0.5 percent for the upcoming fiscal year, which starts on July 1.

They also sought the continuation of cash incentives on export receipts until 2032 as the World Trade Organization (WTO) will allow graduating least-developed countries (LDCs) to enjoy trade benefits as LDCs till then.

As these demands were left unmet in the proposed budget for FY25, the textile millers and garment makers have asked the government to reconsider their recommendations on the grounds that such measures would improve businesses.

SM Mannan Kochi, president of the Bangladesh Garment Manufacturers and Exporters Association (BGMEA), said one of the proposed measures in the budget would allow customs officials to levy a 400 percent fine if an exporter is found using inaccurate documentation.

"Such a proposal will only increase the harassment of exporters for simply making a mistaking when filing documents for the export procedure," he added.

Kochi was speaking at a post-budget press conference jointly organised by the BGMEA, Bangladesh Textile Mills Association (BTMA) and Bangladesh Knitwear Manufacturers and Exporters Association (BKMEA) at the BGMEA office in Dhaka.

The BGMEA president also demanded food rationing for garment workers as persistently higher inflation has increased essential commodity prices in domestic markets.

He also suggested the government introduce a special scheme for both saving and fostering the growth of small and medium enterprises in the textile and garment sectors.

BKMEA Executive President Mohammad Hatem said although the government takes advanced income tax, the amount charged is often not returned as per the rules.

Besides, many textile and garment factories are facing serious difficulties due to a severe gas crisis.

BTMA President Mohammad Ali Khokon said there is an opportunity to bolster earnings from the 15 million kilogrammes of garment waste generated across the country each year as many global buyers want apparel made from recycled materials.

But the VAT on this type of product has been affecting the sector, he added, demanding the withdrawal of a 15 percent VAT on sales of garment waste and yarn.

Khokon also informed that the domestic primary textiles sector can typically supply $30 billion worth of raw materials to export-oriented garment makers every year.

However, their production has been suffering severely due to the ongoing gas and energy crises.

On the other hand, they welcomed the proposed rebates on imports of 17 textile products and the proposed reduction of the VAT Appellate Tribunal fee to 10 percent from 20 percent.

However, they also demanded the import duty on chillers be reduced to 1 percent from the proposed 10 percent. Previously, chillers faced an import duty of 104.68 percent.

Good budget, bad budget

MAMUN RASHID

The finance minister on Thursday placed the budget for fiscal year 2024-25, which is 4.6 percent bigger than the ongoing one. The increase is much lower than the average inflation seen in the last few years, reflecting the monetary constraints the government is facing as well as some of the realities of the crisis which commands a certain extent of belt-tightening.

The focus of the budget obviously had to be the restoration of macroeconomic stability, reduction of inflation, and containment of ongoing pressure on our foreign currency reserves.

Besides, the minister emphasised the need to curb corruption. On the other hand, he also offered a black money whitening facility. This once again raised the question: Why is the budget favouring the corrupt over honest and hardworking ones? And why are our laws continuously being formulated in a way that makes honest individuals lose out to corrupt ones?

It would not be unjust for honest taxpayers to ask: What is the point of paying taxes every year when those who are evading taxes can get away with paying a much lesser amount on their undeclared income to bring it into the mainstream.

Through budget allocations, the government, on the one side, had to rein in its expenditure. On the other side, people were unhappy to see where the government's priorities truly lie. The allocation for education actually went down from 1.76 percent of GDP in the current budget to 1.69 percent in the proposed one, the lowest in the last 16 years. Many felt it conflicted with "Smart Bangladesh," vision.

The same applies to the healthcare sector, whose budgetary allocation went slightly up from 5 percent of GDP in the current budget to 5.19 percent of GDP in the ensuing one. In a country having one of the highest out-of-pocket healthcare expenditures in the world and experiencing rising inflation simultaneously, healthcare costs have become a massive burden for the people.

However, it is good to see the government allocate Tk 2,000 crore for health emergencies, which we hope will be used properly to provide some relief to struggling ones. Additionally, we are encouraged to see the government allocate Tk 1,000 crore on health research, like the current one.

However, questions remain over the ministry's ability to utilise its budget as there was a significant decrease in budgetary usage compared to the allocation in the last fiscal year.

The corporate income tax has been brought down to 25 percent and new slabs have been created in the income tax incidence structure. This should help companies leave more money to distribute among employees and tax-paying employees.

The budget deficit is historically lower than the earlier budgets, depicting that the authorities have taken a very practical stance. But again, the way the allocations have been made shows that the authorities have failed to take into account what common people are most concerned about.

While the government's growth estimates seem to be more practical compared to previous overly optimistic ones, a 6.5 percent inflation target seems far from the current reality, with the average inflation around 9 percent for the past two years.

These contradictions and inadequacies, as well as the lack of specific strategies to address what has been the worst economic crisis facing the country since the pandemic, show that even though the budget admits to the existence of this crisis, it does not provide much way out.

We hope that before giving the final seal of approval on the budget, the esteemed public representatives in the parliament, along with the government, will debate enough among themselves and genuinely take these and other public interest concerns raised by experts and many into account.

The author is an economic analyst.

ECB still has 'long way to go' to tame inflation: Lagarde

AFP, *Berlin*

The European Central Bank (ECB) still has "a long way to go" to tame inflation, its president Christine Lagarde said Friday, a day after the body announced its first interest rate cut since 2019.

In an op-ed published Friday evening in several European newspapers, Lagarde said that inflation had "slowed significantly" and was expected to fall to the target level of two percent by next year.

"But there is still a long way to go until inflation is squeezed out of the economy. It will not be an entirely smooth ride," she continued.

"Interest rates will therefore have to remain restrictive for as long as necessary to ensure price stability on a lasting basis. In other words, we still need to have our foot on the brake for a while, even if we are not pressing down as hard as before."

The ECB on Thursday lowered the eurozone's record high key deposit rate by a quarter of a point to 3.75 percent after having kept borrowing costs on hold since October. The cut is expected to provide a much-needed boost for the beleaguered eurozone economy.

However, the bank reiterated that it would "keep policy rates sufficiently restrictive for as long as necessary" to hit its inflation target, adding the rate-setting governing council "is not pre-committing to a particular rate path".

"We have made major progress, but our fight against inflation is not over," Lagarde said in her op-ed.

"As the guardian of the euro, we are committed to ensuring low and stable inflation for the benefit of all Europeans."

Banks say growing reliance on Big Tech for AI carries new risks

REUTERS, *Amsterdam*

The boom in artificial intelligence will increase banks' dependence on big US tech firms, creating new risks for the industry, European banking executives said.

Excitement around using artificial intelligence (AI) in financial services - widely used already for detecting fraud and money-laundering - has soared since the launch of OpenAI's viral chatbot ChatGPT in late 2022 as banks examine ways to deploy generative AI.

But at a gathering of fintech executives in Amsterdam this week, some expressed concerns that the amount of computing power needed to develop AI capabilities would make banks rely even more on small number of tech providers.

ING's chief analytics officer, Bahadir Yilmaz, who is in charge of the Dutch bank's AI work, told Reuters he expected to rely on Big Tech companies "more and more going forward", for infrastructure and machinery.

"You will always need them because sometimes the machine power that is needed for these technologies is huge. It's also not really feasible for a bank to build this tech," he said.

Banks' dependency on a small number of tech companies was "one of the biggest risks", ING's Yilmaz said, emphasising that European banks in particular needed to ensure they could move between different tech providers and avoid what he called "vendor lock in".

Britain last year proposed rules to regulate financial firms' heavy reliance on external technology companies, such as Microsoft, Google, IBM and Amazon. Regulators are worried that problems at a single cloud computing company could potentially bring down services across many financial institutions.

A person walks past the Bank of England in London. Last year, Britain proposed rules to regulate financial firms' heavy reliance on external technology companies such as Microsoft, Google, IBM and Amazon. PHOTO: REUTERS/FILE

"AI requires huge amounts of compute and really the only way that you're going to be able to access that compute (computing power) sensibly is from Big Tech," Joanne Hannaford, who leads technology strategy at Deutsche Bank's corporate bank, told an audience at the Money20/20 conference earlier this week.

Hannaford said that there are requirements for the bank to notify regulators when they move data into the cloud, which could become much more complicated as the use of cloud computing increases.

Banks also need to communicate to regulators the risk of not leveraging cloud computing's power, which would be an opportunity cost, she added.

AI was top of the agenda at the Amsterdam conference.

The CEO of French AI startup Mistral AI, seen as France's answer to OpenAI, told attendees there were "synergies" between its GenAI products and financial services.

"We see a lot of opportunities in creating analysis and monitoring information ... which is really something that bankers like to do," Arthur Mensch said.