

Star BUSINESS

Trade thru Ctg port disrupted for second day

STAFF CORRESPONDENT, Ctg

Export and import activities through the Chattogram port were significantly disrupted for a second straight day yesterday due to the students' countrywide non-cooperation movement, which led to Prime Minister Sheikh Hasina's resignation.

Assessment activities of imported and exported goods continued as normal, but clearance of imported goods was slow, a customs and port official said.

In the last 24 hours to 9am yesterday, approximately 1,175 TEUs (twenty-foot equivalent units) of containers were cleared from the port, down from the daily average of around 7,000-8,000 TEUs.

The transport of cargo containers bound for the Kamalapur inland container depot was also halted due to the closure of railway wagons for a second straight day, according to the port officials.

All officials are working as usual, but only a few importers and agents came to release their goods, said Mohammad Fyazur Rahman, commissioner of Chattogram Custom House.



A solitary truck exits the Chattogram port around 1:00pm yesterday. Although the gates are usually jam-packed around noon, very few vehicles dared to venture out given the tense atmosphere yesterday.

PHOTO: RAJIB RAIHAN

Garment factories not reopening today

STAR BUSINESS REPORT

The Bangladesh Garment Manufacturers and Exporters Association (BGMEA) yesterday decided not to reopen factories from today as their management wants to observe the situation further for the change in the political situation.

The BGMEA took the decision at an emergency meeting held at its office in Dhaka.

In a statement, the BGMEA said considering the current situation, the trade body instructed factory owners not to reopen their units until further notice.

Earlier on Sunday, the BGMEA in a statement instructed factory owners to announce the closure of their factories for an indefinite period because of the political crisis.

They announced the factory closure as the immediate past government announced general public holidays for three days following the student movement across the country.

In the first round of the crisis, the garment factory and textile millers announced closure of their units for four days. The exporters could not ship goods from the ports and could not continue production at the factories because of the violence.

AHSAN HABIB

Bangladesh has no time to spare when it comes to ensuring the stability of the economy, which has fallen into a crisis mainly due to the absence of democracy for over a decade.

Following Sheikh Hasina's resignation as prime minister and the announcement that an interim government would be formed, economists yesterday said reforms should be taken immediately to address economic challenges.

The challenges include high inflation, falling foreign exchange reserves, the high burden of default loans, poor governance in the banking sector and, above all, corruption.

The government must also stem further destruction before taking steps to revive the economy.

It is unclear what type of government is going to be formed now, but there is no time to spare when it comes to reviving the economy, said Zahid Hussain, a former lead economist of the World Bank's Dhaka office.

The economy was already in crisis and the recent political turmoil, which included internet blackouts and supply chain disruptions, only rubbed salt in its wounds.

So, the priority now should be the economy, he said.

To bring back normalcy, social equity and justice need to be ensured, which also aligns

with the students' demands.

Internet connection and other communications should not be disrupted further while education should be resumed with full priority, Hussain said, adding that such measures would provide confidence to people and normalise economic activity.

Due to the turmoil over the recent weeks, which included the deaths of over 300 people including students, there was supply chain disruption.

Now, everything should be operational. The metro rail and elevated expressway in Dhaka as well as railways and all other connections should be operational as soon as possible, he said.

In order to rein in inflation, the supply chain disruption should be addressed and money should not be printed, the economist added.

Budgetary reforms are also necessary, according to Hussain. The interim government must examine areas where it can save as well as where it needs to increase expenditure.

As poor people are suffering, the government should take measures to increase support for them.

He also said all barriers in making the foreign exchange market transparent and market-based will have to be removed.

Eradication of corruption should be prioritised and all the regulatory bodies

should be reformed, he added.

According to Ahsan H Mansur, executive director of the Policy Research Institute of Bangladesh, if the political system is inadequate, the economy cannot perform well. So, he said, a participatory and democratic political system is necessary.

Democracy and accountability should be ensured as well.

He added that the country is facing several short-term challenges as well as structural problems.

Due to stubbornly high inflation, low-income individuals have been suffering.

Annual inflation rose to 9.73 percent in 2023-24, which was the highest rate in the past 12 years. The inflation rate has remained above 9 percent since March of 2023, according to the Bangladesh Bureau of Statistics (BBS).

Alongside attempting to stabilise exchange rates, the interim government will also have to focus on reducing expenditure in order to tame inflation, Mansur said.

To solve structural problems in the financial sector, a committee of analysts must be tasked with unearthing problems in the banking sector and finding out exactly how big the hole is.

If a proper diagnosis is not conducted, the problem cannot be solved, he added.

Other areas like the stock market, bond market and insurance industry should also

be analysed by a separate committee and restructured if necessary, he recommended.

The International Monetary Fund and World Bank can provide support in these areas if necessary.

He also said the existing revenue management system has been a silent killer, adding: "It is destroying the whole economy."

An economy cannot develop with a low tax-GDP ratio and Bangladesh has one of the lowest in the world.

In FY23, Bangladesh's tax-to-GDP ratio stood at 7.3 percent despite rising per capita income, according to the Ministry of Finance.

So, the whole system should be reformed to raise tax revenues, he said.

Along with financial support, empowering local government agencies is also necessary as it will help decentralise the economy and development, Mansur added.

Fahmida Khatun, executive director of the Centre for Policy Dialogue (CPD), said the economy needs huge reforms, adding that it had been weakened by a lack of political will.

Bangladesh has been following the wrong political system of non-democracy for more than a decade. When a political system is devoid of democracy, one group benefits and rent-seeking prevails.

So, the country's people suffer despite higher GDP growth because proper distribution is absent, she said.

RMG exporters expect new vigour in business

REFAYAT ULLAH MIRDHA

Garment exporters are expecting a strong recovery in exports and business as normalcy is being gradually restored with the changing political scenario.

The business environment was facing an impasse because of the latest spells of violence and frequent shutdown of factories, for which they were unable to manufacture goods for export.

Exporters also said, though July, August and September comprise the peak season for shipping goods meant for Christmas and for booking work orders for the coming summer and spring seasons, they were facing challenges in sending goods to retailers through Chattogram port amid violence.

They were also unable to communicate with their business partners both at home and abroad because of the recent internet blackout across the country and for the violence.

The apparel manufacturers are now planning to reopen their production units and to restart with a new vigour as they have been facing shutdowns, difficulties in transportation and shipment of goods over more than one month because of the political crisis.

The Bangladesh Garment

Manufacturers and Exporters Association (BGMEA) called a meeting yesterday at 7:30pm to discuss the next course of action as the prime minister resigned, said a director.

They decided that the garment factories and textile mills will stay shut for now considering the current situation. The owners may take a decision on factory reopening today.

They had earlier shut down their units two weeks ago for four days amidst violence and curfew. During the first round of shutdown, they could not even communicate with their international clothing retailers and brands because of an internet blackout across the country.

Because of the latest spell of student movement and political impasse, the BGMEA has already said they have lost Tk 6,400 crore while the textile millers said the amount of their loss is more than \$58.8 million.

The garment and textile millers have shut down their production units across the country fearing labour unrest and vandalism, which will cause a massive loss for the sector.

During the first round of violence and curfew, the international clothing retailers and brands expressed concern over the situation as they were facing difficulties in placing work orders with factories



Garment exporters have lost Tk 6,400 crore due to the recent unrest and shutdown of factories, said Bangladesh Garment Manufacturers and Exporters Association.

PHOTO: STAR/FILE

and receiving shipments of goods from Chattogram port.

"We mainly discussed the issue of reopening the factories. However, we may take more time to reopen the factories considering the change in

the political situation," said BGMEA Vice-President Arshad Jamal Dipu over the phone.

"We want to restart production in the factories very soon. But we need help from the administration for the

smooth running of the units as their instructions are important for us," Dipu added.

Also, it recently became difficult to do business and international trade because this is the time to renew

bond licences but many, especially the Chattogram based exporters, are complaining that the customs department is not renewing the bond licences.

Many have been forced to adopt expensive air shipments because of delays in production and transportation of goods to the factories.

Also, many have been forced to provide discounts and accept cancellation of work orders from international retailers and brands because of the latest spells of violence and curfew.

Banks are charging a higher interest rate on loans, he said, adding that all these things are affecting business and all those issues need to be broadly discussed with the trade bodies and administration soon for resolving the issues.

"We have to work seriously now," Dipu also said.

"I hope everything will change now and business will soon be restored," said a garment exporter asking not to be named.

The work orders from international retailers and brands will also be restored soon as normalcy has also started to return, the exporter added.

"We are getting ready to reopen our factories as soon as possible," said a director of the BGMEA asking not to be named.

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