PHOTO: RASHED SHUMON

Leaders of the Overseas Chinese Association in Bangladesh pose for photographs at the 4th board of directors inauguration ceremony at Le Meridien in Dhaka yesterday.

Container service links Ctg to Karachi

STAFF CORRESPONDENT, *Ctg*

A container shipping service was introduced last week, connecting six countries and facilitating a direct shipping line between Pakistan and Bangladesh for the first time.

The service offers significantly reduced transport times by doing away with the need to stop at transhipment ports, shipping agents and port users said.

Dubai-based container ship operator Feeder Lines DMCC introduced the service, deploying the only vessel, named "Yuan Xiang Fa Zhan".

The vessel started its voyage from the Port of Jebel Ali in Dubai and went to the Port of Karachi. It then set sail for Chattogram port, arriving in the port city on November 11.

According to data from Chittagong Port Authority (CPA), the vessel discharged 370 TEUs of import laden containers at Chattogram, of which 297 TEUS came from Pakistan and the remaining 73 TEUS from the UAE.

Most of the cargo that arrived from Karachi contained industrial raw material, including 115 containers of soda ash, 46 containers of dolomite, 35 containers of limestone, 24 containers of chemical, but there were also 42 containers of onions, 13 containers of fabrics and 14 containers of potatoes among the goods.

A total of 30 Bangladeshi importers brought over the cargo, totalling 6,477 tonnes.

Akij Glass Industry Limited imported 65 containers of limestone and dolomite while Nasir Float Glass Industries Ltd imported 30 containers of dolomite and soda ash and Sharif Enterprise brought 14 containers of soda ash.

Pacific Jeans imported one container of twill fabrics and Square Pharma imported one container of fire safety equipment for its manufacturing unit.

The vessel departed for Indonesia on November 12. However, Chittagong Port Authority (CPA) Secretary Md Omar Faruk said it was not a direct shipping service between the two countries.

"The vessel originally sailed from the UAE and stopped at Karachi on the way to Chattogram and other ports," he added.

In a press release issued on November 13, the Pakistan embassy in Bangladesh hailed the introduction of the service, saying it marked the first ever direct maritime link between the two countries.

The Pakistan High Commission in Bangladesh posted the press release on its Facebook page the same day.

The route promises to significantly streamline supply chains and reduce transit time, the release said, adding that the vessel's voyage highlights growing demand for direct trade between Bangladesh and Pakistan.

Pakistan's High Commissioner to Bangladesh Syed Ahmed Maroof termed it a major step forward in enhancing bilateral trade and business ties between the countries.

He added that the initiative would not only accelerate existing trade flows, but also promote new opportunities for businesses on both sides, from small traders to large exporters, the release added.

The service offers significantly reduced transport times by doing away with the need to stop at transhipment ports, shipping agents and port users said.

According to the schedule, the vessel will sail from Jebel Ali in Dubai to Karachi. It will then go to Chattogram followed by the Port of Belawan in Indonesia, Port Klang in Malaysia and Mundra Port in India before heading back to Dubai.

Regensea Lines Ltd, a concern of Karnaphuli Group, owned by former environment, forest and climate change minister and Awami League lawmaker Saber Hossain Chowdhury, is the local agent of the ship.

A senior official of the Karnaphuli Group, on condition of anonymity, estimated that the total time to cover the route would be around 42 to 50 days.

The official said different types of cargo, mostly fruits and fabrics, are imported from Pakistan and that such containers are currently brought via transhipment ports in Colombo or the UAE.

Mentioning that Bangladesh also imports from the UAE, the official said imports from Pakistan can be transported to Chattogram directly through this service.

A small number of containerised cargoes are regularly imported from Karachi through transhipment ports of Colombo, said a freight forwarder.

He added that the introduction of this service would reduce the transport time by at least a week.

Bangladesh Shipping Agents Association (BSAA) Chairman Syed Mohammad Arif said jute was frequently exported from Chattogram to Karachi in containers through transhipment ports even 20 years ago.

However, he said such exports had dropped in line with a decline in jute production over the past two decades.

The vessel left with 290 TEUs of export containers, comprising 289 TEUs of empty containers and one TEU laden container. Of these, 18 TEUs of empty containers were bound for Indonesia while the rest were destined for the Malaysian port.

Moody's forecasts India's GDP to grow 7.2% in 2024

ANN/THE STATESMAN

Rating agency Moody's on Friday forecast 7.2 percent GDP growth in the 2024 calendar year and 6.6 percent in the next.

It said the Indian economy is in a sweet spot, with a mix of solid growth and moderating inflation.

In the second quarter of 2024, India's real GDP expanded 6.7 percent year-over-year, fueled by a resurgence in household consumption, increased investment, and solid manufacturing activity.

In its Global Macro Outlook 2025-26, Moody's said the global economy has shown remarkable resilience in bouncing back from supply chain disruptions during the pandemic, an energy and food crisis after the Russia-Ukraine war began, high inflation, and consequent monetary policy tightening.

"Most G-20 economies will experience steady growth and continue to benefit from policy easing and supportive commodity prices," it added.

Moody's said the Indian economy is in a sweet spot, with a mix of solid growth and moderating inflation

Moody's highlighted that household spending is expected to remain strong, buoyed by festive season purchases and rising rural demand as agriculture rebounds. Private investment -- one of the key factors impacting GDP -- is likely to be supported by increasing capacity utilisation, strong business sentiment, and the government's ongoing infrastructure investments.

India's solid economic fundamentals, like healthy corporate and bank balance sheets, a resilient external position, and robust foreign exchange reserves, bolster the outlook, it said.

It said the food price volatility remains a concern, as headline inflation recently surged to 6.2 percent in October due to a spike in vegetable prices, surpassing the Reserve Bank of India's (RBI) tolerance band of 4 percent.

The report suggested that inflation will moderate in the months ahead, aided by higher sowing and ample grain reserves.

Yet, the RBI is expected to maintain its cautious stance, keeping interest rates relatively steady given persistent inflationary risks from global tensions and weather uncertainties, it said.

STOCKS WEEK-ON WEEK

DSEX ▲	CASPI ▲
0.73%	0.19%
5,355.32	14,880.22

COMMODITIES AS OF FRIDAY

Gold ▼	Oil ▼
$2,562.86 (per ounce)	$66.96 (per barrel)

Engage private sector more in reforms

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The MCCI president said high inflation has severely affected the population. While interest rate hikes aim to curb inflation, they are straining businesses, he added.

He commended the government for forming reform commissions but urged faster action.

Regarding exports, Rahman urgently stressed the need to meet the European Union's due diligence standards for achieving net-zero carbon emissions by 2030.

Failure, he warned, could devastate the readymade garment (RMG) sector. To support this transition, he proposed allocating 10 percent of land for solar power plants, which could generate 5,000-6,000 MW of clean energy.

This would not only reduce reliance on foreign exchange for energy imports but also bolster export-oriented industries with sustainable power solutions.

Abrar Hossain Sayem, president of Bangladesh Apparel Youth Leaders Association (BAYLA), said sacrifice by the youth played an important role in the formation of the incumbent government and Bangladesh should utilise the bright image of Chief Adviser Professor Muhammad Yunus.

For instance, many international clothing retailers and brands are coming back to Bangladesh with apparel work orders as they have confidence in the Yunus-led government.

He said some 0.4 percent of the local garment factories cannot pay their workers timely because of rises in the cost of doing business. The business cost spike includes a more than 200 percent rise in utility bills, which has been affecting the company's bulk expenditure and profitability.

He said the condition of small and medium ventures should be investigated because of abnormal spikes in the cost of doing business.

Monzur Hossain, research director of the Bangladesh Institute of Development Studies (BIDS), said managing spiralling inflation and implementing sound financial reforms are major challenges for the economy now.

He advocated continuation of the liquidity support to weak banks for their survival.

Hossain said there are private sector representations in two taskforces -- one for developing strategies to boost the economy and mobilise resources for equitable and sustainable development, and another for preparing a "white paper" on Bangladesh's economy.

Envoy Textiles' Managing Director Ahmed said efforts to stabilise the foreign currency reserves and reopen educational institutions after the uprising are some of the major achievements of the current government.

However, expecting a long-term solution from the current government will not be right as it's just an interim government, he said.

"The incumbent government should focus more on the restoration of the law and order and the restoration of confidence in the police force so they can continue. Because new recruitment and replacement of old police is not possible in a short time."

He cited a small incident of shifting a work order for 20 million pieces of garments from Bangladesh to other countries because of the labour unrest.

Ahmed also said the monthly salary of garment factories in the country is more than $600 million and annually the amount is more than $8 billion. The domestic economy is still largely dependent on the garment industry.

He feared losses of $14 billion to $18 billion in the export business of Bangladesh because of the erosion of preferential trade benefits after graduating from the least developed country club in 2026. Local exporters will have to face a 12 percent duty on export to the European Union, where Bangladesh exports more than $25 billion worth of goods in a year.

Bangladesh is still producing low-end garment items with low prices, selling items for $2.80-$2.90 per piece, whereas Pakistan and other countries' average value of garment items ranges between $4.50 per piece and the local exporters make only seven percent profit, he said.

With a higher bank interest rate at 17 percent, sales of apartments also declined to 8,000 units from 20,000 in Dhaka every year, he added.

At the discussion, Mahfuz Anam, editor and publisher of The Daily Star, said, "As a newspaper, we are committed to the growth and prosperity of Bangladesh.

"I believe the private sector is a major actor in that prosperity," he said, adding that The Daily Star wants to be a partner to entrepreneurs who are doing business with integrity and have invested in the advancement of the country.

"We want to be a part of the future growth of Bangladesh. I believe Bangladesh will advance with a healthy, well-governed private sector," he added.

Gold set for biggest weekly fall

REUTERS

Gold prices on Friday were on track for their biggest weekly decline in over three years as expectations of less aggressive interest rate cuts by the US Federal Reserve lifted the dollar, denting allure for bullion among investors.

Spot gold lost 0.1 percent to $2,565.49 per ounce as of 01:44 p.m. ET (1842 GMT). Prices have fallen more than 4 percent so far this week, touching their lowest since Sept. 12 on Thursday. US gold futures settled 0.1 percent lower at $2,570.10.

The dollar was set for its biggest weekly gain in more than a month, making gold more expensive for other currency holders.

US Treasury yields, meanwhile, extended gains after data showed retail sales in the world's largest economy rose more than expected last month.

Provide liquidity to weak banks

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Hossain also criticised the central bank's decision to speak about the state of ailing lenders publicly. When a regulator says that some banks are on the verge of bankruptcy, the condition of those banks deteriorates further, he said.

"Now, depositors are panicking and withdrawing money from some banks."

He added that curbing inflationary pressure and bringing discipline to the financial sector are the major challenges at present.

The dull state of the economy is a legacy of the previous government and its mismanagement, faulty policy measures and "9-6 interest rate policy", the economist said.

The 9-6 interest rate policy refers to a government directive in 2020, when it asked the central bank to instruct all banks to implement a 9 percent interest rate on lending and 6 percent rate on deposits.

This decision was only withdrawn last year. "Investment has not increased due to the 9-6 interest rate policy, but default loans have increased," he pointed out.

The current governor of the central bank is tightening the monetary policy further to rein in skyrocketing inflation. But how this will work in a developing country like Bangladesh remains a question.

"Controlling the money supply may not work to rein in inflation as it does in the US. We are not the same economy," Hossain said.

"Around 70 percent to 80 percent of loans are consumer loans in the US. That is why tightening the money supply works in controlling inflation there. But in our country, consumer loans are only around 12-13 percent.

"So, we need an accommodative monetary policy."

He added that inflationary pressure is not a consequence of monetary management and demand management alone, but that there are also supply-side issues.

"It would be unwise to damage the economy by controlling inflation in this way," he said.

The economist also emphasised the need for economic diversification and suggested reducing the dependency on the ready-made garments sector.

Kamran T Rahman, president of the Metropolitan Chamber of Commerce and Industry (MCCI), said: "The banking sector is in a very bad situation. I don't know how we will escape it.

"There was an attempt to merge the ailing banks before the interim government came to power, but that didn't happen. Maybe that decision wasn't correct, but the interim government needs to do something to this end."

Rahman added that non-performing loans had gone through the roof. "Will we be able to repair these non-performing loans? I don't think we will be able to do it quickly."

He also pointed to some areas that could be overhauled quickly.

"I think the interim government is too busy with deep, long-term thinking. I think it is fine. But along with this, there are low-hanging fruits that the government can take up -- such as strengthening the money loan courts by increasing the number of judges."

Mir Nasir Hossain, managing director of Mir Akhter Hossain Ltd, said the interest rate has increased due to the monetary tightening of the central bank.

He said that loan classification rules may be tightened from March, which will raise bad loans in the banking sector.

Mostafa Kamal, managing director of Meghna Group of Industries, said businesspeople are always blamed for high inflation.

He said that the 9-6 interest rate policy and the appreciation of the US dollar against the local currency had mainly impacted the country's economy.

Bangladesh won't face

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not be able to fully implement necessary reforms in the short term.

"But we are starting the works," Mansur added. The central bank governor believes that the banks currently facing a liquidity crunch will be able to overcome the situation.

"So, depositors will not face any crisis," he said, adding that the Bangladesh Bank is giving assurance in this regard.

However, some major steps may be taken to help the particularly vulnerable banks overcome their poor financial condition, Mansur said.

Syed Mohammad Kamal, country manager for Bangladesh at Mastercard, said they remain committed to driving digital innovation and fostering inclusive growth in the country.

"Mastercard is pleased to collaborate with leading banks, fintechs and merchants as partners, all of whom play a crucial role in materialising our combined vision of creating a robust digital financial ecosystem," he added.

Kamal said that through these awards, Mastercard is proud to celebrate these organisations for their outstanding contributions and achievements, which have powered the advancement of digital finance in Bangladesh.

Trishita Maula, acting deputy chief of mission at the US Embassy in Dhaka, was present as the guest of honour.

Winners of the Mastercard Excellence Awards 2024 were chosen based on their contributions towards building a strong digital economy by furthering financial inclusion. A total of 26 organisations were awarded in 18 categories.

Mastercard has been hosting the event since 2019 to celebrate the contributions of industry players towards inculcating a digital-first behaviour among enterprises and communities by promoting digital payments.

Mastercard began its operations in Bangladesh in 1991 and became the first global payments operator to set up an office in the country in 2013.