

Poor navigability hits Payra Port though Tk 6,500cr spent on dredging

SOHRAB HOSSAIN, Patuakhali

Despite spending Tk 6,500 crore on capital dredging, poor navigability has crippled Payra Port, forcing many importers to offload their cargoes either at sea or at Chittagong Port and then transport it through lighter vessels.

Take the case of coal transportation for the 1,320MW Payra Thermal Power Plant and the RPCL-Norinco International Power Limited (RNPL) plant established in the area.

Due to the shallowing of the Rabnabad channel, mother vessels can no longer berth directly at Payra Port, and power producers now offload coal at Chattogram Port and transport the fuel by lighter vessels to Payra.

This increases transportation costs. The additional cost is being added to electricity production, ultimately raising power generation expenses and increasing consumer dissatisfaction.

The Payra Power Plant contributes 10 percent of the country's total electricity demand and consumes over 300,000 tonnes of coal per month.

"Previously, we directly offloaded imported coal from Indonesia at Payra Port using mother vessels," said Shah Abdul Mawla, project director of Payra Thermal Power Plant.

"But now, with navigability dropping significantly, we are forced to use Chattogram Port as an intermediary. This has increased coal transportation costs to \$13-15 per tonne, whereas earlier, it was \$10-12 per tonne," he said.

Initially dubbed a deep-sea port, the previous Awami League government began constructing Payra Port in 2013, with commercial operations starting in August 2016. The government cancelled the plan in 2021.

In the same year, it hired Belgian firm Jan De Nul to carry out capital dredging at a cost of Tk 6,500 crore to increase the draft of the Rabnabad channel to 10.5 metres so that larger vessels could enter the port.

They handed over the dredged channel to the port authority in April 2024.

However, within just six months, sediment accumulation drastically reduced the depth.

Currently, the depth stands at 6.5 metres during high tide and 5.9 metres



Due to the shallowing of the Rabnabad channel, mother vessels can no longer berth directly at Payra Port, and power producers now offload coal at Chattogram Port and transport the fuel by lighter vessels to Payra. The photo was taken at Payra Port recently.

PHOTO: SOHRAB HOSSAIN

during low tide, making it impossible for relatively larger vessels to berth and preventing increased usage.

Ashraf Uddin, superintendent engineer of RNPL, said they repeatedly notified the Payra Port authorities about the declining navigability.

"But the situation is worsening day by day. Large coal-laden ships can no longer reach the port, forcing us to rely on lighter vessels," he said.

Radiant Shipping Agent Abu Sayeed said, "Due to sedimentation, we are now forced to rely on lightering, which increases both cost and time. Maintaining navigability is crucial for Payra Port to remain viable."

Since the completion of dredging in April last year, navigability has steadily declined. Rear Admiral Masud Iqbal, chairman of Payra Port Authority, acknowledged the crisis.

"Despite the completion of capital dredging, sedimentation has led to the rapid shallowing of the Rabnabad channel," he said.

"We conducted an emergency

maintenance dredging operation that lasted until August 14, but a long-term solution requires continuous dredging," he said.

He also mentioned that a development project proposal has been submitted to the Planning Commission for approval and a response is expected within the next two months.

The government also plans to purchase hopper dredgers to build in-house dredging capacity.

Last week, the much-talked-about port came into the spotlight after Planning Adviser Wahiduddin Mahmud termed the seaport a "painful abscess" on the country's economy.

"This port can barely function as a river port, let alone a seaport," he said at a press briefing on March 23 following a meeting of the Executive Committee of the National Economic Council (Ecneec).

Ecneec approved a revised project proposal for the first terminal and related facilities of Payra Port, increasing the total cost by Tk 911 crore to Tk 5,228 crore. The project's deadline has also been extended

to December 2026.

After the meeting, Wahiduddin said the government approved the revised project on the condition that it retains the scope to intervene at any time.

"The additional funds are required not only for previous financial commitments but also for continuous dredging," he said.

He said the entire channel is long and extensive, and without annual dredging, even small vessels will struggle to bring coal to the power plant. Moreover, expensive dredgers will be needed every year to keep operations running.

The port started handling imported cargoes in the fiscal year 2016-17, and handling grew over time, though its activities remain confined to handling coal for the power plant.

Large-scale use of the port has yet to start, as navigability issues persist and the required facilities are yet to be developed.

The port handled 1,014 ships, including 123 foreign ships, in fiscal year 2023-24. Cargo handling rose by 33 percent year-on-year to 50.74 lakh tonnes in FY24.

Succeeding in a performance culture

MAMUN RASHID

I, along with some seniors from Standard Chartered Bank, went to meet the then finance minister SAMS Kibria in late 2000 to share our decision to acquire ANZ Grindlays Bank.

Kibria, while consenting, also reminded us: "Jobs are very precious. Please make sure people don't lose their jobs."

Sadly, we were not able to retain all officials from both banks as we had to show signs of synergy from the merger. Rationalisation of headcount was one of the major synergies identified.

However, we did conduct a core and non-core analysis and offered redundancy to a few of senior and middle managers.

Our human resources division organised training and counseling sessions so that those colleagues didn't feel abandoned and found suitable jobs.

A telecom company CEO, who had previously led the country's largest cell phone company, found himself in deep trouble after joining another similar company. It had too many people, more than it required. Since it was a growth company, nobody bothered to do any sort of "wallet-sizing" or any analysis on "return on people."

The company was rumored to have become almost a white elephant. Underperformers and super-performers were rated and recognised in the same way. Officers were being paid overtime, and not all promotions or upgrades were justified.

In this situation, what could he do to successfully transfer and drive the company forward? Especially when the second position was being challenged by a merger?

Any management book would have told him to review the business model and product offering, bring in efficiency, and ensure cost synergy. Their balance sheet had been in the red, their products were not much talked about, and yet they were carrying a large pool of "passengers."

Most of their lieutenants had lost the ability to drive anything forward. The new CEO decided to do the same thing that successful companies all over the world have been doing: Reduce cost and optimize operations.

While successful companies globally believe in the principle of "taking care of the best and being fair to the rest," there is no reason not to go for wallet-sizing or optimum capacity modeling. CEOs should always know: Be it a client or employee, who is offering what to me? Which product is my value creator, and which one is the value eroder?

Most of the time, it is like a jaw -- the space between the upper and lower ones is the net profit. In order to maintain the net spread, or even increase it, one has to push the upper one up or force the lower one down.

This is exactly why, during a bumpy ride, companies mostly focus on cost reduction.

It wouldn't be an overstatement to say that most of our local companies are over-stuffed, and that we have yet to foster a "performance culture".

A few years ago, I remember telling the CEO of an electronic media company that they were heavily over-stuffed. He wasn't exactly pleased to hear that.

He was jubilant that he had created so many jobs, but nobody was paid a good salary there.

On the contrary, when I asked the owner of a consumer electronics and pharmaceuticals company why he was not paying well the staff at a newspaper company he also owned, he said, "I see everything as a business. If they make money, I reward them accordingly."

As we move forward with our economic and corporate successes, the government and all relevant regulatory institutions must allow and encourage companies to be profitable through performance improvement and cost reduction.

Yes, the job is precious, but more important is creating an environment where companies can do business and share their success.

The author is an economic analyst having worked with several global companies in senior roles.



Gold prices soar to all-time high

REUTERS

Gold prices surged to a record high on Friday, as investors flocked to the safe-haven asset amid fears of a global trade war triggered by US President Donald Trump's latest tariffs.

Spot gold climbed 0.6 percent to \$3,074.43 an ounce as of 02:41 p.m. EDT (1839 GMT) after hitting its eighteenth record high this year at \$3,086.70 earlier in the session. Bullion is up 1.7 percent this week and is on track for a fourth straight weekly gain.

US gold futures settled 0.8 percent higher at \$3,114.30. "It continues to be the safe haven demand on ramped-up concerns about tariffs, trade and ongoing geopolitical uncertainty as well," that is supporting gold, said Peter Grant, vice president and senior metals strategist at Zaner Metals.

Gold, traditionally seen as a hedge against economic and political instability, tends to thrive in a low-interest rate environment.

US 'in arrears' at WTO

AFP, Geneva

The United States has not paid its 2024 dues to the World Trade Organization and is therefore now deemed to be in "arrears", the WTO's spokesman said Friday.

"The chair of the committee on budget, finance, and administration informed members during the General Council meeting in February that the United States is currently in "Category 1" arrears," Ismaila Dieng told AFP.

The United States did not pay its contribution for 2024, he said. Washington has also not yet paid its dues for 2025, though contributions from the WTO's 166 members often do not come in until mid-year.

Last year, the United States was

due to pay around 23.2 million Swiss francs (\$26.3 million) -- amounting to roughly 11 percent of the WTO's budget.

Category 1 arrears -- the least serious of three levels -- consist of those that have not paid their



contributions for at least one year, but for less than two years.

The nine members currently in Category 1 arrears are Angola, Chile, Eswatini, Grenada, Haiti, Saint Vincent and the Grenadines, Suriname, Uganda and the United States.

WTO members in this category are not permitted to chair the

Geneva-based global trade body's various bodies.

They are also not permitted to receive WTO documentation and are subject to reports at meetings of the organisation's General Council, its highest-level decision-making body in Geneva. "Generally, arrears can impact the operational capacity of the WTO secretariat," said Dieng.

"But the secretariat continues to manage its resources prudently and has plans in place to enable it to operate within the financial limitations imposed by any arrears."

On February 4, Trump signed an executive order sparking a 180-day review all international organisations which the US is involved in or funds, to determine whether they are contrary to US interests or could be reformed.

Dollar's long reign set to continue

REUTERS, London

As President Donald Trump launches his tariff war against both friends and foes of the United States, concerns are once again surfacing about the US dollar's future as the global reserve currency. China would dearly like to dethrone the mighty greenback. Leading members of Trump's new administration appear like-minded. Yet for more than half a century, the dollar has defied the doom-mongers. And the most likely prospect is that it will continue to do so.

The durability of US currency's long reign is recounted in Paul Blustein's magisterial new book "King Dollar: The Past and Future of the World's Dominant Currency". In the 1960s, the Belgian economist Robert Triffin predicted that dollar's role as the lynchpin of the post-war monetary order would come unstuck as the United States got ever further into debt. Triffin was vindicated when the Bretton Woods system of managed exchange rates collapsed in the early 1970s. As US inflation took off, Charles Kindleberger declared that "the dollar is finished as international money." The great economic historian was wrong.

Over the following decades the dollar survived a number of other challenges: the rise of Japan in the late 1980s; the creation of the euro in 1999; the global financial crisis and the emergence of China as a global manufacturing superpower; and a succession of US governments using the "dollar weapon" against its foes, culminating in the seizure

of Russia's foreign exchange reserves after President Vladimir Putin's invasion of Ukraine in 2022.

Although the US share of global economic output has halved since 1945, the dollar still accounts for around 60 percent of international foreign exchange reserves. Its dominance in financing trade is greater: while US imports and exports amount to less than 10 percent of global trade, three-quarters of cross-border commerce is invoiced in the American currency. Its role in global finance is even more pronounced: 85 percent of currency swaps and an even greater share of foreign interbank transactions are denominated in dollars. As Blustein says, "at each juncture, forecasts of the dollar's demise proved wrong, sometimes because of the weaknesses of the challenger currencies, at other times because of the dollar's surprising resilience." In the language of foreign exchange traders, it has remained "the least dirty shirt."

That dominance owes much to American military hegemony, widespread trust in the rule of law in the United States, and confidence that an independent Federal Reserve will retain the dollar's role as a store of value. A more prosaic explanation is that transacting in dollars is more convenient for all parties. Foreign trade and global finance require a unit of account that can be used for settling trades. The dollar has far greater liquidity than any other currency. China may be the world's largest exporter, but the yuan is used in only a tiny share of trade. International financial transactions

are mostly settled in US dollars through the Clearing House Interbank Payments System (CHIPS) which is domiciled in New York and handles transactions worth nearly \$2 trillion each day. Almost all the payments that go through this system begin and end outside of the United States, according to Blustein.

The dollar's dominant role in the plumbing of the global financial system creates a network

effect like the powerful forces that benefit the world's largest technology companies. Over the years, Microsoft has made many missteps. The software giant has botched launches of browsers, smartphones, tablets and upgrades of its operating system. Likewise, Facebook owner Meta Platforms failed to establish a global digital currency while its attempt to launch a market for virtual reality has so far

been a flop. Yet both companies have survived with their dominant positions intact. US enemies are like Microsoft's disgruntled customers: however much they would like to find an alternative to the dollar the switching costs are simply too high.

The dollar's role as the world's reserve currency is not costless to Americans, however. As Triffin observed in the 1960s, the global economy needs more dollars to expand. But supplying foreigners with the global reserve currency drives the United States ever further into debt. The fact that the United States is the world's largest international debtor, with foreign liabilities exceeding foreign assets to the tune of \$26 trillion, is a feature, not a bug, of the dollar's international standing. Triffin predicted that sooner or later a tipping point would be reached when the issuer of the reserve currency would be unable to service its debts. Even though that moment may not have arrived, the problem should not be ignored.

Members of Trump's administration have identified another issue with the dollar's role as the reserve currency. Vice President JD Vance believes endemic US trade deficits are the corollary of the capital account surpluses that are required to maintain the currency standard. These trade deficits, he says, have resulted in the hollowing out of US manufacturing. Vance claims reserve currency status is a "massive tax on American producers". Michael Pettis, an economist at Peking University, comes to a similar conclusion.



People queue at the entrance to a currency exchange shop in central Tokyo. The dollar has survived numerous challenges, including the rise of Japan in the late 1980s, the creation of the euro in 1999, the global financial crisis, and the emergence of China as a global manufacturing superpower.

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