Fewer trains, bigger backlog at Ctg port

Importers cry foul as locomotive shortage slows Dhaka-bound cargo transport

MOHAMMAD SUMAN

Locomotive shortage has brought down the number of freight trains on the Chattogram-Kamalapur route by half the usual demand for six to seven trains per day. PHOTO: STAR/FILE

Container delivery from Chattogram port to the inland container depot (ICD) in Dhaka's Kamalapur has slowed staggeringly due to a lack of sufficient freight trains, with many importers not getting their goods even after weeks while costs continue to increase.

Currently, at least 1,259 TEUs of containers belonging to more than 400 importers are lying at Chattogram port, the country's main external trade gateway. The figure is almost double the volume compared to the same period last month, according to port data.

Both traders and port officials blame a shortage of railway engines for the growing backlog, while a Bangladesh Railway official says they are taking initiatives to resolve the crisis.

GROWING BACKLOG

According to port data, 655 ICD-bound containers were waiting at the yard on May 31. The number rose to 918 on June 30 and 1,363 on July 31. As of Sunday, August 24, at least 1,259 containers were still awaiting transport to Kamalapur ICD.

Bangladesh Railway data shows a similar decline in freight train operations. In May, 125 container trains ran on the Chattogram–Kamalapur route. The number dropped to 91 in June, 83 in July, and only 68 trains until August 24 this month.

Omar Faruk, secretary of Chittagong Port Authority, told The Daily Star, "There is a demand for six to seven container trains daily on the Chattogram-Kamalapur route, but the railway can't provide even half of that."

"We have written several times to increase engine allocations. Unless more engines are supplied, the congestion cannot be eased," he added.

Railway officials, while acknowledging the shortfall, say initiatives have been taken to import new engines and repair old ones to resolve the crisis.

"The shortage of engines has been a longstanding issue for us. Whenever passenger-line engines face shortages or frequent breakdowns, the supply of engines for freight transport is reduced," said Mohammad Subaktagin, general manager of Bangladesh Railway's East Zone.

"Under ongoing railway projects, we are planning to import new engines and repair a number of old ones. Once these initiatives are implemented, the railway's share in freight transport will increase further," he added.

"SIMPLY UNFAIR"

Importers, meanwhile, are frustrated with slow delivery and rising costs.

Dhaka-based importing and trading firm Janata Enterprise imported six containers of steel coal from South Korea at the end of July, but the consignment is yet to reach the ICD in Kamalapur from Chattogram port by rail.

"Earlier, goods used to reach Kamalapur within five to seven days of being unloaded at Chattogram port. But recently, due to additional allocations of engines for political rallies, fewer are being used for freight," Lokman Hossain, proprietor of Janata Enterprise, told The Daily Star.

The hidden costs of free trade deals

KAISER KABIR

There is an old joke: a man arrives at a seedy motel and is offered two options. The economy room costs $10, while the premium room is $12.

"What is the difference?" he asks.

"The $12 room comes with a free TV," replies the receptionist with a smile.

The humour lies in the contradiction. The TV is "free" but costs more. As Bangladesh prepares free trade agreements (FTAs) with as many as two dozen countries, the joke is a timely reminder: in global commerce, there is no such thing as a free deal. The large print giveth, while the small print taketh away, as the saying goes.

FTAs are not inherently problematic. In fact, they can be useful instruments. But like the motel's "free" TV, the hidden details often decide whether the bargain is truly beneficial.

As Bangladesh graduates from the least developed country (LDC) club, it will lose preferential access to key markets. FTAs, therefore, will be essential to maintain exports without prohibitive tariffs.

Well-negotiated agreements can protect competitiveness. However, poorly constructed ones can exact a heavy price. Negotiation is an art that requires expertise, foresight and above all, experience. Developed countries such as the US, UK and Japan already possess these qualities. For Bangladesh, this remains largely uncharted territory.

FTAs are lengthy and complex. Beyond goods, tariffs and dispute settlement, they may demand inclusion of services, investment, intellectual property, digital trade, government procurement and more. Hidden within dense legal text may be clauses that seem harmless but carry far-reaching consequences.

One concern is intellectual property. Bangladesh has limited experience with patents, as its LDC status exempts it from implementing them.

The Bangladesh Patent Act 2023 carefully balances protection of domestic industries with encouragement of innovation, while complying with the WTO's TRIPS framework.

But FTAs often go further, embedding "TRIPS-plus" provisions that extend patent life and ease approval of new patents. These stipulations can drive up the cost of essential medicines.

For example, Osimertinib Mesylate, used for non-small cell lung cancer, sells for about $600 per tablet under patent protection. A generic version manufactured locally by Eskayef costs less than $4. If Bangladesh is forced to adopt stronger patent rules through FTAs, access to affordable generics could be severely curtailed.

Agriculture presents another risk. Developed nations often subsidise their farmers, allowing them to export at below real market costs. The US and EU, for example, heavily support their agricultural sectors.

If Bangladeshi farmers are made to compete against such subsidised imports without protective measures, many could face ruin.

There is also the question of revenue and policy autonomy. FTAs usually reduce or remove tariffs, which for developing countries can mean a significant loss of government income. More troubling still is the erosion of policy flexibility. Once treaty obligations are signed, governments lose room to shape their own economic strategies.

FTAs are not inherently harmful. They can be necessary tools for global trade integration. But the devil is in the detail. Without rigorous negotiation and technical expertise, Bangladesh risks outcomes that outweigh the benefits.

For a country graduating from LDC status, an FTA can be a rose with thorns -- attractive but risky. At worst, it could become a stranglehold on national policy.

The challenge is not whether to sign FTAs, but how to negotiate them wisely, ensuring that the pursuit of market access does not compromise national interest.

The writer is the CEO of Renata PLC.

China sees surge in coal power

AFP, *Beijing*

China saw a surge in new coal power in the first half of the year even as the country added record levels of clean energy capacity, according to a report published Monday.

Coal has been a pivotal energy source in China for decades but explosive growth in wind and solar installations in recent years has raised hopes that the country can wean itself off the dirty fossil fuel.

Coal accounts for around half of China's power generation, down from three-quarters in 2016.

Yet the country brought 21 gigawatts (GW) of coal power online in the first six months of this year, the highest first-half total since 2016, the report by the Centre for Research on Energy and Clean Air (CREA) and Global Energy Monitor (GEM) said.

China also began or restarted construction on coal projects totalling 46 GW -- equivalent to the total coal power in South Korea -- and launched another 75 GW-worth of proposed new and revived coal power projects.

The growth threatens China's goal to peak carbon emissions by 2030 and risks solidifying coal's role in its power sector, the report said.

The world's second-largest economy is the biggest emitter of greenhouse gases that drive climate change, but it is also a renewable energy powerhouse.

"Coal power development in China... shows no sign of easing, leaving emissions on a high plateau and stranding coal in the system for years to come," said Christine Shearer, research analyst at GEM and co-author of the report.

More coal could come online soon because a "huge pipeline of already permitted (coal) projects remains" from a spike in new permits in 2022 and 2023 when China's electricity grid struggled to adapt to renewables growth, according to Lauri Myllyvirta, lead analyst at CREA.

Coal has been a pivotal energy source in China for decades but explosive growth in wind and solar installations in recent years has raised hopes

"Since then, better grid operation and storage have addressed those issues, while the coal power projects approved at the time are still under construction," he said.

The latest coal boom comes despite China's rapidly expanding renewable power generation now covering the country's electricity demand growth.

Evergrande delisted from Hong Kong Stock Exchange

AFP, *Hong Kong*

Shares in heavily indebted China Evergrande Group were taken off the Hong Kong Stock Exchange on Monday, capping a grim reversal of fortune for the once-booming property developer.

A committee at the bourse had decided earlier this month to cancel Evergrande's listing after it failed to meet a July deadline to resume trading -- suspended since early last year.

The delisting on Monday marks the latest milestone for a firm whose painful downward spiral has become symbolic of China's long-standing property sector woes.

Once the country's biggest real estate firm, Evergrande was worth more than $50 billion at its peak and helped propel China's rapid economic growth in recent decades.

But it defaulted in 2021 after years of struggling to repay creditors.

A Hong Kong court issued a winding-up order for Evergrande in January 2024, ruling that the company had failed to come up with a suitable debt repayment plan.

Liquidators have made moves to recover creditors' investments, including filing a lawsuit against PwC and its mainland Chinese arm for their role in auditing the debt-ridden developer.

The firm's debt load is bigger than the previously estimated amount of $27.5 billion, according to a filing earlier this month attributed to liquidators Edward Middleton and Tiffany Wong.

The statement added that China Evergrande Group was a holding company and that liquidators had assumed control of more than 100 companies within the group.

World's central bankers fear being caught in Fed's storm

REUTERS, *Jackson Hole*

The Federal Reserve building is seen in Washington, US. President Donald Trump's efforts to reshape the Fed to his liking and pressure it into interest rate cuts have raised questions about whether the US central bank can preserve its independence. PHOTO: REUTERS/FILE

Global central bankers gathered at a US mountain resort over the weekend are starting to fear that the political storm surrounding the Federal Reserve may engulf them too.

US President Donald Trump's efforts to reshape the Fed to his liking and pressure it into interest rate cuts have raised questions about whether the US central bank can preserve its independence and inflation-fighting credentials.

Trump, frustrated by the legal protections given to the Fed's leadership and the long terms for Board of Governors members meant to outlast any given president, has put intense pressure on Chair Jerome Powell to resign and is pushing to oust another board member, Governor Lisa Cook.

If the world's most powerful central bank were to yield to that pressure, or Trump finds a playbook for removing its members, a dangerous precedent would be set from Europe to Japan, where established norms for the independence of monetary policy may then come under new attack from local politicians.

"The politically motivated attacks on the Fed have a spiritual spillover to the rest of the world, including Europe," European Central Bank policymaker Olli Rehn, from Finland, said on the sidelines of the Fed's annual symposium in Jackson Hole, Wyoming.

That's why Rehn and colleagues were enthusiastically backing Powell to stand his ground, even after he signaled a possible rate cut in September. Powell was met by a standing ovation when he took the podium at the conference.

'NOT BE TAKEN FOR GRANTED'

Conversations with a dozen central bankers from across the world on the sidelines of the Fed's getaway in the shadows of the Grand Teton Mountains revealed that a scenario in which the Fed sees its ability to counter inflation jeopardized by a loss of independence was taken as a direct threat to their own standing and to economic stability more broadly.

It would likely entail major turmoil in financial markets, they said, with investors demanding a greater premium to own US bonds and reassessing the status of Treasury securities as the lifeblood of the global financial system.

Wall Street's main indexes ended higher on Friday, with the Dow adding 1.9 percent to finish at a record closing high, the S&P 500 climbing one-and-a-half percent and the Nasdaq surging nearly 1.9 percent.

Central banks around the world have already started preparing for the fallout, telling lenders on their watch to watch their exposure to the US currency.

More fundamentally, a Fed capitulation would end a regime that has brought relative price stability and has lasted at least since late Chair Paul Volcker vanquished high inflation 40 years ago.

Since then, more and more central banks followed the Fed's model of political independence and a single-minded focus on their mandate - for most, keeping inflation near 2 percent.

"It's a reminder that independence should not be taken for granted," Bundesbank President Joachim Nagel, also a member of the ECB's Governing Council, said. "We have to deliver on our mandate and make clear that independence is the conditio sine qua non for price stability."

POLITICAL FOOTBALL

Markets so far have not registered deep concerns about the Fed's independence. US equity markets are roaring, and there hasn't been the sort of jump in Treasury yields or inflation expectations that would be emblematic of the Fed's credibility being seen at risk.

While Trump can name a new chair when Powell's term as the chief policymaker ends in May, he needs more departures among the Fed's seven-member board for his appointees to gain majority control. The Fed's network of 12 regional reserve banks, whose leaders take turns voting on interest rate policy, is a further counterweight, hired by local boards of directors as a way to distance them from Washington's influence.

Yet Trump's soured relationship with the Fed, set in a country perceived to have strong institutional and legal traditions, has made other central bankers all too aware of how fragile their independence may be.

Even the ECB, whose autonomy from the 20 governments of the euro zone is sanctioned by European Union treaties, has had to fight hard to prove it.

It was accused of bankrolling governments when it launched its massive bond-buying scheme a decade ago with the aim of staving off deflation, and survived multiple court challenges seeking to block those purchases.