Bank of Japan expected to hike rates to 30-year high

AFP, *Tokyo*

The Bank of Japan is expected to hike interest rates Friday for the first time since January, pushing them to their highest level in 30 years and potentially exacerbating turmoil in debt markets.

Yields on Japanese government bonds have risen in recent weeks on worries about Prime Minister Sanae Takaichi's budget discipline, while the yen has weakened.

Higher BoJ interest rates make Japanese bonds more attractive than other assets, pushing down their prices but sending yields -- which move inversely -- higher.

Japan's economy contracted 0.6 percent in the third quarter, but BoJ governor Kazuo Ueda said last week that the impact of US tariffs was less than feared.

"So far, US corporates have swallowed the burden of tariffs without fully passing (them) through to consumer prices," Ueda told the Financial Times.

Inflation has been above the Bank of Japan's target of two percent for some time, with core consumer prices rising 3.0 percent in October

At the same time, inflation has been above the BoJ's target of two percent for some time, with core consumer prices rising 3.0 percent in October.

"The urgency stems from policymakers' recognition that the window for hiking will close once external headwinds intensify," said BMI (Fitch Solutions) in a note.

The majority of economists polled by Bloomberg expect the BoJ to raise its main rate from 0.5 percent to 0.75 percent, which would be the highest since 1995.

The BoJ only began raising rates from below zero in March 2024. The US Federal Reserve is now going in the other direction and cutting rates.

The BoJ's move should help keep inflation in check, which would be welcome news to Takaichi, Japan's first woman prime minister.

She hopes to avoid the fate of her predecessor Shigeru Ishiba, who suffered a string of election debacles in part because of anger over rising prices.

The lower house last week approved an extra budget worth 18.3 trillion yen ($118 billion) to finance a major stimulus package to help households.

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Only lighter vessels now operate smoothly in the Rabnabad channel at Payra Port due to navigability problems, disrupting larger ship arrivals and raising costs. The photo was taken recently.

PHOTO: SOHRAB HOSSAIN

Navigability crisis hits Payra port, foreign ship arrivals drop

SOHRAB HOSSAIN

Payra port, the country's third seaport after Chattogram and Mongla, is facing a navigability crisis that has disrupted vessel movement and sharply reduced foreign cargo ship arrivals over the past year, raising concern among stakeholders.

Established under the Payra Port Authority Act on November 19, 2013, at Itbaria union in Kalapara upazila, Patuakhali district, the port began operations on August 13, 2016.

It started modestly with 10 ships in fiscal year (FY) 2016-17 but grew steadily, handling 1,014 ships and 5.074 million tonnes of cargo in FY2023-24, a 33 percent increase from the previous year. Since opening, 5,401 ships -- including 529 foreign vessels -- have unloaded cargo, generating around Tk 2,346 crore in government revenue.

However, conditions deteriorated in the last fiscal year. In FY2023-24, 123 foreign vessels berthed at Payra, bringing 4.048 million tonnes of cargo and Tk 33.22 crore in revenue. In FY 2024-25, arrivals fell to 85 vessels, cargo imports dropped by 1.277 million tonnes, and revenue fell by Tk 8.6 crore.

Port officials and users attribute the decline to worsening navigability in the 75 km-long Rabnabad channel.

In 2021, Belgian firm Jan De Nul was hired for capital dredging at a cost of Tk 6,500 crore to deepen the channel to 10.5 metres, allowing large vessels to berth directly at the port's jetty. The dredged channel was handed over in April 2024, but heavy siltation reduced its depth within six months.

Port records show that only around 100 mother vessels berthed after dredging

before navigability problems returned. As of December, the channel's average depth is about 6 metres at high tide and 5.9 metres at low tide, blocking larger vessels.

"Despite capital dredging, rapid siltation has reduced the channel depth to below 6 metres. If mother vessels cannot berth directly, users may gradually stop using the port," said Md Mamunur Rashid, director of the Bangladesh Shipping Agents' Association.

Major port users include the 1,320 MW Payra Thermal Power Plant and RPCL-Norinco International Power Limited (RNPL), both importing around 12,000 tonnes of coal daily.

Shallow waters now force coal-carrying mother vessels to anchor off Kutubdia near Chattogram port, with coal transferred to the plants by smaller lighter vessels, increasing time and cost.

RNPL Supervising Engineer Ashraf Uddin said, "We import coal every month using six to seven mother vessels, each carrying around 60,000 tonnes. Due to the navigability crisis, we now need 150 to 180 lighter vessels to bring coal from Kutubdia. Each lighter takes at least two days to reach the plant, which raises costs and affects power generation."

Payra port Chairman Rear Admiral Masud Iqbal acknowledged the crisis, saying, "The channel's maintenance dredging has been insufficient, leaving it too shallow for larger vessels to navigate.

He added that a detailed project proposal, including hiring a capable dredging company and purchasing two dredgers, has been submitted to the government and is awaiting approval from the Executive Committee of the National Economic Council.

Payra port Assistant Director (Administration) Md Azizur Rahman said, "Several projects are underway to maintain navigability and ensure vessel safety, including dredging the Rabnabad channel and procuring two dredgers to reduce long-term costs."

He added that port infrastructure is progressing: the first terminal's jetty is 97 percent complete, the yard 96 percent, and a six-lane road 86 percent finished. Two bridges over the Andharmanik River, costing Tk 950 crore, are expected to be completed by February 2026, connecting the terminal directly with the Dhaka-Kuakata highway.

Development of the terminal on the Rabnabad River began on October 27, 2022. Initially approved in 2019 at Tk 3,982 crore, the project cost has risen to Tk 5,427 crore, and the completion deadline has been extended to December 2026, turning an originally planned 18-month project into a seven-year undertaking.

Why honest borrowers lose out in Bangladesh

ASIF IBRAHIM

Good borrowers in Bangladesh operate in a banking system where fiscal discipline is systematically undervalued and, in many cases, quietly punished. While policymakers routinely speak of financial inclusion and credit discipline, the lived reality for honest borrowers is shaped by soaring non-performing loans (NPLs), weak governance and a deeply entrenched culture of wilful default, largely driven by politically connected large borrowers.

According to officially reported data, NPLs in the banking sector surged to around 34 percent by late 2025, the highest level in roughly 25 years. Even conservative estimates that exclude rescheduled and restructured loans point to a deeply stressed system. This means that more than one-third of bank loans are either not being serviced properly or are at serious risk. Such a level of distress is not merely a technical problem; it fundamentally distorts incentives across the entire credit market.

The Bangladesh Bank (BB) has struggled to counter this distortion. A decade ago, good borrowers were promised tangible rewards, including a mandated 10 percent interest rebate. That policy was later withdrawn, with the argument that low single-digit interest rates themselves constituted sufficient incentive. As interest rates rose again, however, no equivalent benefit was restored. Today, banks are largely instructed to "honour" good borrowers through annual recognition events. While symbolically positive, such gestures offer little protection against higher borrowing costs, tighter collateral demands or shrinking credit lines.

The financial burden of systemic default ultimately falls on those who do repay. As NPLs erode bank profitability and capital adequacy, commercial lenders respond by raising effective interest rates, increasing fees and demanding excessive collateral. In many cases, borrowers with spotless repayment records face lending terms similar to those imposed on risky clients. The result is a form of silent cross-subsidisation, where disciplined borrowers absorb the costs created by habitual defaulters.

The impact on credit availability is equally damaging. Private sector credit growth has repeatedly lagged behind targets, reflecting banks' growing risk aversion. When a large share of loan portfolios is tied up in bad or litigated assets, banks naturally become cautious. This shrinks the overall space for lending, making it harder and more expensive for even viable businesses to access finance. Small and medium enterprises, which account for the majority of employment, are often the first casualties of this credit squeeze.

Guarantors face an especially harsh reality. Under the legal framework of Bangladesh, guarantors are frequently treated almost as co-borrowers. When powerful borrowers default, guarantors, typically middle-class professionals or relatives, are exposed to lawsuits, asset seizures and prolonged harassment. In many cases, guarantors face faster and harsher enforcement than the primary defaulters themselves. This has made people increasingly reluctant to stand as guarantors, further restricting credit access for genuine entrepreneurs who lack political connections.

The repeated rescheduling, restructuring and effective regularisation of large defaulted loans, often involving the same borrowers, has created a widespread perception of injustice. Honest borrowers see that compliance brings few rewards, while default can be negotiated, delayed or forgiven. This perception corrodes trust in the banking system and weakens the social contract that underpins financial discipline.

The legal system offers little relief. Hundreds of thousands of loan recovery cases clog the courts, with some disputes dragging on for a decade or more. These delays trap capital, discourage settlement and impose psychological and financial costs on borrowers and guarantors alike, while defaulters exploit the inertia of the system.

The banking crisis of Bangladesh is therefore not only about bad loans; it is about bad incentives. As long as governance failures allow wilful defaulters to operate with impunity, good borrowers will continue to pay the price through higher costs, reduced access to credit and eroding trust. A financial system that punishes responsibility cannot sustain stability, growth or fairness. Until this imbalance is corrected, Bangladesh risks discouraging the very behaviour its economy most urgently needs.

The writer is a former president of the Dhaka Chamber of Commerce and Industry (DCCI)

Will OpenAI be the next tech giant or next Netscape?

AFP, *New York*

Three years after ChatGPT made OpenAI the leader in artificial intelligence and a household name, rivals have closed the gap and some investors are wondering if the sensation has the wherewithal to stay dominant.

Investor Michael Burry, made famous in the film "The Big Short," recently likened OpenAI to Netscape, which ruled the web browser market in the mid-1990s only to lose to Microsoft's Internet Explorer.

"OpenAI is the next Netscape, doomed and hemorrhaging cash," Burry said recently in a post on X, formerly Twitter.

Researcher Gary Marcus, known for being skeptical of AI hype, sees OpenAI as having lost the lead it captured with the launch of ChatGPT in November 2022.

The startup is "burning billions of dollars a month," Marcus said of OpenAI.

"Given how long the writing has been on the wall, I can only shake my head" as it falls.

Yet ChatGPT was a tech launch like no other, breaking all consumer product growth records and now boasting more than 800 million -- paid subscription and unpaid -- weekly users.

OpenAI's valuation has soared to $500 billion in funding rounds, higher than any other private company.

But the ChatGPT maker will end this year with a loss of several billion dollars and does not expect to be profitable before 2029, an eternity in the fast-moving and uncertain world of AI.

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Global coal exports post rare decline in 2025 on China cuts

REUTERS, *Colorado*

Global shipments of thermal coal - burned in power stations - have posted their first annual decline since 2020 on the back of lower coal-fired power generation in key Asian markets.

Total seaborne exports of so-called steam coal are set to come in at about 945 million metric tons in 2025, marking a 5 percent or roughly 50 million ton drop from 2024, data from commodities intelligence firm Kpler shows.

A 7 percent drop in imports by countries in Asia - the top coal consuming region - was the main driver of the decline, and raises the possibility that global coal export volumes have peaked and may continue to contract going forward.

Countries in Asia accounted for 89 percent of all thermal coal imports for the year to date, which underscores how concentrated coal shipments have become.

They imported 841 million tons of thermal coal, marking a 7 percent or 60 million ton drop from 2024's totals.

China was the top overall coal importer this year, with roughly 305 million tons of imports, followed by India (157 million tons), Japan (100 million tons), South Korea (76 million tons) and Vietnam (45 million tons).

However, only two of the five largest coal import markets - South Korea and Vietnam - posted annual rises in imports this year, which highlights the downbeat tone of coal demand even in the top coal consuming region.

And while other importers including Malaysia, Thailand and Turkey also posted year-over-year growth, their collective imports remain dwarfed by both China's and India's, which remain the main driving forces behind global coal import trends.

Coal is unloaded from a ship at the coal terminal of Lianyungang Port, in China's eastern Jiangsu province. Countries in Asia accounted for 89 percent of all thermal coal imports for the year to date.

PHOTO: AFP/FILE

The two largest coal importers - China and India - accounted for 48 percent of all thermal coal imports, and both registered import contractions this year due to a combination of higher domestic coal production and greater power supplies from other sources.

China registered a 12 percent or nearly 43 million ton drop in thermal imports in 2025 from the year before, to 305 million tons. India's imports dropped by 3 percent or by 4.3 million tons to around 157 million tons.

Both China and India have government policies that support domestic coal production, which generates jobs, but both countries also face the threat of overproduction of low-grade coal supplies that raise pollution levels when burned.

China's economy stalled in November, according to several key indicators, as worries about its property sector are back in the headlines.

China's ongoing campaign against overcapacity is likely to lead to some shrinkage in domestic coal production volumes in the years ahead, and in turn may limit any further drops in coal import demand over the near to medium term.

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