

# Star BUSINESS



## ICDs raise charges, a day after fuel price hike

DWAIPAYAN BARUA

The recent fuel price hike is rippling through Bangladesh's trade logistics chain, pushing up costs for importers, exporters and freight operators at the same time.

On Sunday night, owners of 21 private inland container depots (ICDs) announced an 8.5 percent increase in container handling charges with immediate effect.

The operators say the increase was obvious after a 15 percent rise in diesel prices. Exporters, however, say it will erode their competitiveness at a time when export growth has been falling for eight consecutive months.

Apparel exporters have criticised the move and called for a government review.

However, the Bangladesh Inland Container Depots Association (Bicda) defended the move, saying operators had to adjust costs to keep services running smoothly.

"Following the diesel price hike, cost adjustments became unavoidable to maintain smooth operations," said Md Ruhul Amin Sikder, secretary general of Bicda.



PHOTO: RAJIB RAHMAN

The latest adjustment comes just months after ICD charges were raised by 20 percent, while the Chittagong Port Authority increased tariffs by more than 41 percent.

Private ICDs handle 20-23 percent of import-laden containers and around 93 percent of export-bound containers moving through Chittagong port.

The revised ICD rates cover six service categories, including container transport, lift-on/lift-off charges, export stuffing, container weight charges and import delivery, according to a circular issued by Bicda.

The association said ICD operations consume more than 70,000 litres of diesel a day, making cost adjustments unavoidable.

At present, ICDs charge an average of Tk 2,046 to transport an empty container between the port and depots. Export stuffing costs about Tk 7,424 for a 20-foot container and Tk 9,900 for a 40-foot container. Rates vary across depots as they are negotiated individually with clients.

Industry stakeholders, however, have raised concerns about the wider impact on trade costs.

READ MORE ON B3

## US trade bodies urge USTR not to impose new tariffs

REFAYET ULLAH MIRDHA

The American Apparel and Footwear Association (AAFA), along with several other organisations, has urged the United States Trade Representative (USTR), the US government's chief trade body, not to impose any new tariffs on countries currently under investigation over production capacity.

In a letter sent to the USTR on April 15, the AAFA warned that additional tariffs on supplying countries could raise costs for American consumers.

Last month, the USTR launched an investigation into 60 addresses, including Bangladesh, over alleged failures to address issues related to production capacity and forced labour.

Bangladesh is scheduled to take part in a virtual USTR hearing on the matter on April 29.

The AAFA said in its letter that the US already imposes relatively high tariffs on textiles, apparel, footwear and accessories, even though these products contain significant US value, including intellectual property, raw materials such as leather, and textile inputs like yarns and fabrics.

As a result, textiles, apparel, footwear and travel goods face higher effective tariff rates than most other sectors.

The letter added that this burden disproportionately affects the industry, even though many of these goods are no longer produced in commercial quantities in the US.

It further said that although some countries identified in the investigation may run trade surpluses in certain product categories, these do not necessarily reflect structural excess capacity or practices that distort or restrict US commerce.

The concept of structural excess capacity does not reflect conditions in the US industry, it added.

Instead, the AAFA said, these trade flows are shaped by globally integrated supply chains, where production capacity is developed and used based on business decisions, long-term customer relationships and changing demand patterns.

READ MORE ON B3

## Restaurant kitchens struggle to absorb double LPG shock

SUKANTA HALDER

The price of liquefied petroleum gas (LPG) has risen twice in less than three weeks, piling pressure on restaurants already dealing with red-hot prices of rice, chicken and beef.

Owners say the increase in petroleum gas has come at a difficult time. High inflation has weighed on household spending for years, while shorter shopping hours and a fuel shortage have reduced customer footfall.

Many restaurants raised menu prices one or two months ago to offset rising ingredient costs. Now, as they struggle to steady their

and onions are relatively low, while most vegetables now cost more than Tk 100 per kg.

"We have not yet increased food prices after the latest LPG price hike, as this will increase the pressure on the people. But it is not possible to run like this for long," said Sumon, who is also chairman of Alkaderia Restaurant.

Ismail Hossain, manager of The Mughal Empire restaurant at Mohammadpur area of Dhaka, said higher LPG prices have lifted production costs by nearly 10 percent.

He said a 35kg gas cylinder, widely used in

Golam Mostafa, general manager of Sky Lounge in Dhaka's Mirpur-1 area, said higher LPG prices are severely affecting their profits.

Although gas costs have surged, the restaurant has not raised menu prices, he said, which has squeezed margins further.

Mostafa said the price of gas cylinders had risen from about Tk 3,500 to Tk 4,500, then to Tk 5,500, and now to as much as Tk 6,800, while consumption has remained unchanged.

As a result, operating costs have nearly doubled, he added. To cope, the restaurant is trying to use LPG more efficiently.



PHOTO: MEHEDI HASAN

### DOUBLE BLOW

- LPG prices rose twice in less than three weeks
- Kitchen essentials were already pricier
- Some eateries raised prices 1-2 months ago

### FRESH PRESSURE ON SHRINKING MARGINS

LPG hikes raised production costs by around 10%      Profit margins fell to about 15% from 30%

### WHAT HAPPENS NOW

Most restaurants holding back further price hikes      A 5%-10% increase possible if gas prices keep rising

finances, back-to-back LPG hikes have thrown business plans into disarray.

For the moment, most are absorbing the extra costs to their profit margins and watching developments in the Middle East, hoping the conflict will end soon and energy markets will ease as a result.

"In the current situation, the biggest challenge is just to continue the business," said Md Firoz Alam Sumon, first joint general secretary of the Bangladesh Restaurant Owners' Association.

He said the price of Chinigura rice, used to prepare polao, has risen to Tk 160 per kg from Tk 115, while Basmati has climbed from Tk 160 to Tk 280 per kg. Broiler chicken now sells for Tk 250 per kg, up from Tk 180, and Sonali chicken has reached a record Tk 450 per kg. Beef costs Tk 850 per kg.

Sumon said the prices of almost all ingredients, including oil and sugar, have doubled. Only the prices of potatoes

commercial kitchens, now costs around Tk 5,600, up from about Tk 3,500 a few months ago.

Rising ingredient costs have also forced the restaurant to revise some prices. A plate of Kacchi has increased from Tk 300 to Tk 320.

Even so, Hossain said profit margins have shrunk from about 30 percent to 15 percent as fuel and ingredient costs climb.

"We are absorbing the additional costs for now without increasing prices further, but we are closely monitoring the situation," he said.

Dhaka has around 25,000 restaurants, both large and small. Hundreds have opened over the past decade to meet growing demand for fine dining. There are around 481,000 restaurants across the country employing 30 lakh people. Around 2 crore people depend on the sector directly or indirectly, according to the Bangladesh Restaurant Owners' Association.

He said no decision has yet been taken on whether to revise menu prices. Management plans to review the situation over the next month. "If gas prices continue to rise, we may increase menu prices by 5 percent to 10 percent, but for now we are waiting to see how the situation develops."

Faruk Ahmed, customer relationship manager at Skyfall restaurant in Mohakhali, said early closing hours have reduced their evening trade, cutting sales by about 50 percent compared with a few months ago.

Despite higher LPG costs, the restaurant has not raised prices, fearing it would drive away more customers, said Ahmed, adding their margins are under pressure.

An official at Mamagocho restaurant at Gulshan in Dhaka said it had maintained prices, quality and portion sizes, despite rising costs, which have reduced profits.

Now, any decision on price adjustments rests with management, the official added.

## Farmers in distress as diesel price rise drives up costs

S DILIP ROY, MOSTAFA SHABUJ and DWOHA CHOWDHURY

The recent diesel price hike has made service providers increase charges for harvesting the largest rice crop, Boro, irrigating farmlands, and threshing the cash crop maize-- and farmers are struggling to cope.

Costs soared because of a 15 percent hike in the price of diesel, a key fuel used by nearly 15 lakh shallow tube well pumps to water the Boro fields.

Farmers in four haor districts of Sylhet also depend on nearly 1,500 combine harvesters -- run on diesel -- for bringing their crops home.

The government increased fuel prices on April 19 to cut

subsidy payment pressure on the state coffers in the wake of increased import costs.

It coincides with a time when farmers have started harvesting Boro paddy, particularly in the Sylhet region, where a majority of the paddy fields require irrigation.

"Now machines are needed for harvesting and threshing paddy and shelling maize-- everything. With diesel price rising, all costs have gone up," said Mozammel Haque, a farmer in Aditmari upazila of Lalmonirhat.

The 65-year-old farmer cultivated Boro paddy on 12 bighas and maize on 10 bighas this season. He harvested a portion of the ripened

paddy using a diesel-powered harvester machine on Monday.

This year, he has to pay Tk 850 to Tk 900 to harvest the crop per bigha, up from Tk

750 to Tk 800 per bigha in the previous year.

"I am worried whether I would be able to recover my costs after selling the crops."



PHOTO: S DILIP ROY

In Sylhet, where Boro paddy is harvested early, thousands of farmers rely on combine harvesters for faster harvesting. But the cost of renting a combine harvester has doubled in some areas in the Haor.

The rate of harvesting paddy on one acre of farmland has jumped to Tk 7,500 this season, up from Tk 4,500 to Tk 5,000 in the previous Boro season.

Selim Raza Chowdhury, a farmer from Razapur Union in Sunamganj's Dharmapasha upazila, said he offered up to Tk 12,000 to harvest one acre of his Boro paddy, and still could not manage to rent a combine harvester.

"With excessive rates and lower paddy prices in

the market, it is becoming impossible for us to cover the harvesting and processing expenses," he said.

Shahibur Rahman, a 55-year-old farmer in Rangpur sadar upazila, said the rent of harvesters and maize threshers increased within a single day of the diesel price hike.

While it costs an additional Tk 250 to Tk 300 per bigha to harvest paddy, for maize the hike is higher-- Tk 400 to Tk 450.

Sirajul Islam, a harvester operator in Aditmari upazila of Lalmonirhat, said about two litres of diesel are required to harvest paddy on one bigha of land.

READ MORE ON B3

Eastern Bank PLC.

SHANTA Life

আপনার পরিবারের সুবক্ষায় পাশে আছে শান্তা লাইফ এবং ইবিএল

শান্তা ডিজিটাল প্রটেকশন প্লান

শান্তা চাইল্ড এডুকেশন প্লান

বিস্তারিত জানতে কল করুন ১৬২৩০ নম্বরে

myebi ebl.com.bd

## MGH to build private container terminal

STAFF CORRESPONDENT, Ctg

A Bangladeshi multinational company, MGH Group, is going to construct the country's first privately built container terminal at Chattogram port on the bank of the Karnaphuli river in Patenga.

Through a competitive bidding process, Transmarine Logistics, a subsidiary of MGH Group, secured the lease of a seven-acre plot of the Chittagong Port Authority (CPA) to build the terminal, said a press release issued by MGH.

The group's CEO Anis Ahmed and CPA Chairman Rear Admiral SM Moniruzzaman signed a 20-year land lease agreement at an annual rent of Tk 15 crore yesterday.

MGH Group is a diversified multinational headquartered in Bangladesh, with a presence in 26 countries.

"By integrating private sector agility with green technology, this terminal provides vital strategic value to the Chattogram port," CPA Chairman Moniruzzaman said.

MGH Group CEO Anis Ahmed told The Daily Star that the group will initially invest Tk 550 crore to construct the terminal, hopefully within 18 months.

The terminal would be a green port, integrating cutting-edge sustainable technologies to minimise environmental harm.

It will have a monthly handling capacity of 40,000 twenty-foot equivalent units (TEUs) and is expected to employ at least 180 people, Ahmed hoped.

READ MORE ON B2