



Mitigating the Impacts of a Global Economic Crisis Bangladesh's Perspective

Examining the Impact of Climate Change on
Marine Insurance Policies

Bangladesh Makes Historic Leap Into Metro Rail Era

Bangladesh Regains Position as Second Largest Global RMG Exporter

Bangladesh Exports Largest-ever Container Ship to UK

CPA News

A Quarterly Publication of
Chittagong Port Authority



Editorial

Optimism in Bangladesh Amid Pandemic and War-Induced Economic Crisis

A very Happy New Year! On behalf of the CPA News family, we want to express our sincerest gratitude for the continued support from our readers. In 2023, we are excited to unveil new promises- promises of timely, reliable, and valuable content that will keep you informed and up-to-date with the latest analysis, news and trends in the maritime sector of Bangladesh and beyond.

The world is still reeling from the economic effects of COVID-19 and the ongoing conflict between Russia and Ukraine. This has caused disruption to global economies and human lives, particularly in import-dependent countries such as Bangladesh. The Government of Bangladesh has responded by leveraging the resources of Chittagong Port, the golden gate of Bangladesh's sea trade, to ensure economic progress despite global conflicts. This has enabled the country to overcome the economic recession and mitigate the looming global economic crisis. In this regard, we have crafted a comprehensive narrative on the impending global economic crisis and how Bangladesh and Chittagong Port are strategizing to minimise its effects.

Marine insurance has been an essential risk management tool since antiquity, and its importance has only grown as globalisation has increased. Without it, shipping operators would have faced significant losses and buyers would have been put under pressure due to higher prices. Climate change is likely to be the major influence on the marine insurance sector in the coming years, as green-powered and electric ships become the norm and alternative fuels, such as hydrogen and ammonia, are used for transport. These revolutionary changes require marine insurance to make additions and modifications to adequately address the new risks. In the Perspective chapter of this issue, we explored the importance of Marine Insurance in light of the changing climate, and the necessary adjustments to be made in order to mitigate its effects.

To ensure you stay informed of all key maritime events and developments from the last quarter of 2022, be sure to check out our 'News Bytes' section. We are always open to suggestions on how to improve the magazine, so please feel free to share your ideas with us. Thank you for your ongoing support and we look forward to continuing to share our maritime knowledge with you.

Thank you so much.

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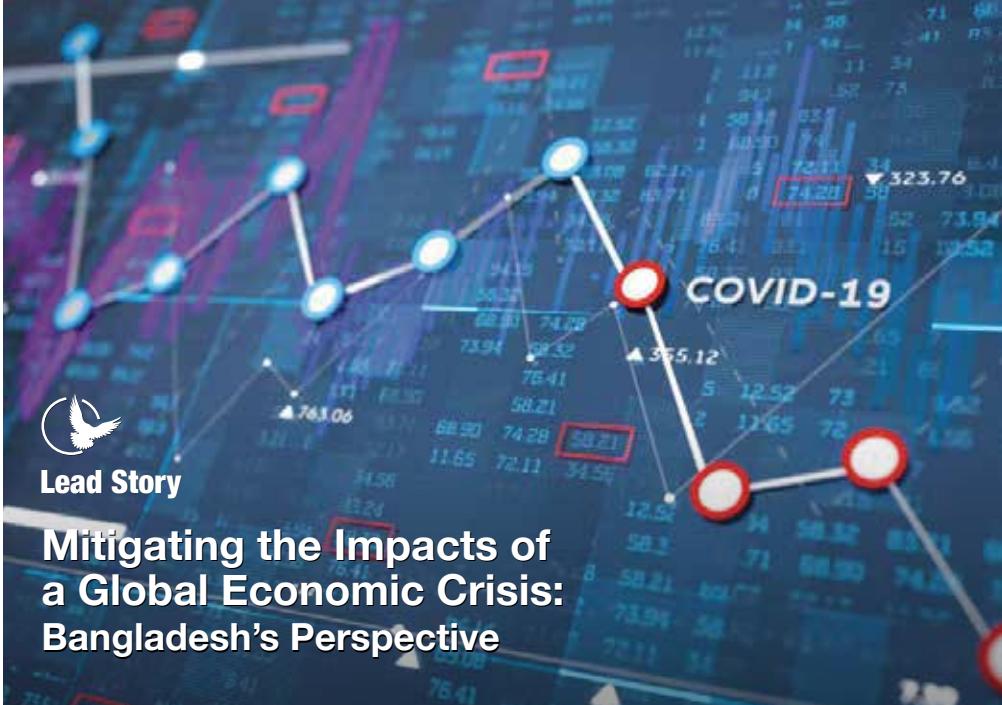
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Lead Story

Mitigating the Impacts of a Global Economic Crisis: Bangladesh's Perspective

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The crisis in Ukraine has had a considerable effect on the economy of Bangladesh. On one hand, the exports of Bangladesh have decreased, while on the other hand, the costs of imports have increased. The recent rise in fuel oil prices has had a ripple effect on the prices of other essential commodities, leading to an inflation rate of 7%. This is the highest inflation rate seen in decades and is an issue of serious concern. To understand the implications of this looming crisis, it is important to read more about it in this chapter.

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Bangladesh Makes Historic leap into Metro Rail Era



The Honourable Prime Minister opened a section of the Mass Rapid Transit (MRT) Line-6 by unveiling a plaque at the playground of Uttara sector-15 on 28 December 2022. The section of MRT Line-6 connects the capital's Agargaon to Uttara North. With this occasion, Bangladesh entered the metro rail era.

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Perspective

Navigating Uncharted Waters
Examining the Impact of Climate Change on Marine Insurance Policies



Insurance is an important tool for protecting individuals, businesses, and the maritime industry from economic downturns or other unforeseen circumstances. This chapter will provide an in-depth look at how insurance can help safeguard the maritime industry from financial losses, and why it is an essential element of modern society.

Mitigating the Impacts of a Global Economic Crisis: Bangladesh's Perspective

CPA News desk

The ongoing global crisis due to the COVID-19 pandemic has put unprecedented pressure on the economy and trade worldwide. However, the Government of Bangladesh has showcased exemplary success in overcoming the economic recession during this time. Chittagong Port, the golden gate of Bangladesh's sea trade, has played an integral role in this success by facilitating economic progress in the face of these wartime global pressures.

The global economy in crisis: The mitigation lies in collective action

Any global economic and trade crisis naturally affects Bangladesh's economy, and we witnessed this during the novel coronavirus pandemic. Despite these challenges, Bangladesh's economy has been resilient, evidenced by the fact that it made it onto the list of countries that have achieved growth in their GDP, even as many developed countries were facing negative growth. The Chittagong Port has played a major role in keeping the country's commercial and economic activities going by operating 24 hours a day.

The escalation of the conflict between Russia and Ukraine has resulted in a global economic crisis. The sanctions imposed on

Russia's financial institutions have hindered international trade, and the price of fuel oil has gone up in consequence. This has been particularly problematic for low- and middle-income countries that have limited financial resources. The world has paid a heavy price for the sanctions, and it is feared that the crisis could worsen if there is no way for a peace agreement between the conflicting parties.

Impact on the global economy

Aggregate Economic Pressures: The World Trade Organisation (WTO) has adjusted its global economic growth forecast in light of the Russia-Ukraine war, reducing the projected rate from 4.7 to 2.5 per cent. The organisation also anticipates global inflationary pressure given the wartime crisis,

along with continued disruption to the global supply chain as a result of the COVID-19 pandemic. Though some believe the war in Ukraine and its sanctions won't lead to a global recession, there is a risk of serious damage to the economy and industry of some countries.

New disruption for supply chains: The coronavirus slowdown last year created a surge in consumer demand that suppliers and the shipping sector are struggling to meet. The start of Russia's military operations in Ukraine poses an additional risk of further densifying existing tensions and supply chain disruptions.

Food security crisis: Ukraine is a top wheat exporter, providing food for millions of people worldwide. The threat posed to farms in

eastern Ukraine following Russia's military operation and disruptions to exports through Black Sea ports could reduce global wheat supplies and drive food prices to their highest levels since 2011. This is a grave concern, especially considering the global pandemic.

Concerns over economic recovery: The Ukraine issue has come to the forefront at a time when the world is slowly recovering from the pandemic. While some countries have already achieved pre-corona levels of economic growth, the financial markets of the world remain in a state of uncertainty. The central banks, in an effort to manage the situation, have raised interest rates which could slow down consumer spending. This could further hinder the economic recovery process in Europe.

Concerns over high fuel prices: The situation has been further exacerbated by the recent surge in global fuel prices. In March 2021, the price of crude oil was 65 dollars 2 cents per barrel, and now it has reached 100 dollars. Europe has reduced fuel imports from Russia as part of sanctions, leading to a decrease in the production of fertilisers and other heavy industries. This has resulted in inflationary pressure all over the world, with Europe facing the brunt of it. Analysts believe that Russia's military operations in Ukraine could be detrimental to two key elements of the global economy, namely consumer spending and industrial production. Furthermore, the fuel hike is expected to add 2 percentage points to annual inflation in wealthy countries.

Analysts have been quick to point out the risks posed to two major foundations of the global economy due to Russia's military operations in Ukraine. Consumer spending and industrial production have both been put at risk, while the fuel hike is expected to add a further two percentage points to annual inflation in affluent nations. This difficult situation has been felt around the world, not least in Bangladesh. In the face of the COVID-19 pandemic, the country has implemented various policy measures to protect its economy, industry, and consumer markets. Chittagong Port has also taken steps to ensure the continued functioning of the country's maritime trade. It is hoped that these measures will help Bangladesh to weather the storm and emerge in a strong position following the crisis.

Impact of the global crisis on Bangladesh

The crisis in Ukraine has had a considerable effect on the economy of

Bangladesh. On one hand, the exports of Bangladesh have decreased, while on the other hand, the costs of imports have increased. As fuel oil prices have climbed in the global market, the prices of gas, fertiliser and other basic commodities have also gone up. This has led to an inflation rate of 7%, the highest in decades.

The root cause of this inflation can be traced to international, regional and internal trade practices. In an increasingly interconnected world, goods and services are travelling across the globe. The maritime transport sector has been critical in making this happen. With the ban on ships registered in Russia or owned by Russians from entering European-US ports, the transportation of fuel and other consumer goods has become complicated. Additionally, due to this ban, Russian tankers must travel extra routes to reach their destinations, further disrupting the energy market and normal supply of goods.

The transportation of consumer goods has become more expensive due to the rising cost of fuel. This rise in imports has affected the consumer market in the country, making it more difficult for consumers to purchase goods. Domestic manufacturers are also facing the consequences of the fuel price increase, as not only do they need to pay more money to import capital equipment, but they also have to bear the higher costs involved in the production process. Furthermore, transportation costs have also gone up

while transporting manufactured goods to the consumer level. This further adds to the cost of the product which is then passed on to the consumer in the form of higher retail prices.

Therefore, the increase in fuel prices has had a negative impact on both consumers and manufacturers.

Another issue of grave concern to the international community is food safety. Russia and Ukraine, two of the world's most prominent food producers, have made an immense contribution to the global food supply. Both countries are renowned as the 'food basket of the world' and have been major sources of wheat imports for Bangladesh. In the 2020-2021 fiscal year, Bangladesh imported 2.3 million tons of wheat from Ukraine, which accounted for more than 17% of the country's total wheat imports. Additionally, Russia supplied 21% of the total imported wheat. This is indicative of the significance of these two countries in providing food security to Bangladesh.

Fertiliser plays an integral role in the agricultural industry of Bangladesh. To meet the country's demand for potash fertilisers, Bangladesh imports 75% of its total requirements from Belarus (41%) and Russia (34%). However, the recent blockade of ports in these countries has interrupted the supply of fertilisers, resulting in a severe negative impact on the agricultural market. The disruption of the fertiliser supply has raised serious concerns for agricultural sustainability in the country.





The Government has taken necessary initiatives to safeguard the RMG sector from the looming global economic crisis

The Ukraine war has had far-reaching consequences for sea trade through the Black Sea, bringing it to a near standstill. This has had a direct impact on Bangladesh, as many important products used to come to the country through this route. As such, it is necessary to look for new sources to acquire these products. Unfortunately, this comes at a cost - imports are becoming more expensive, and traders are seeing their profits decrease.

The fiscal year 2020-21 saw Bangladesh import goods from Russia valued at 466.7 million dollars. In the same period, Bangladesh's exports to Russia only amounted to 550 million dollars. Currently, a nuclear power plant is being constructed in Rooppur at a cost of 1,265 million dollars. This project is being handled by Russian companies and is expected to be completed by 2025. Unfortunately, the ongoing war in Ukraine and economic sanctions against Russia may potentially delay the completion of this project and cause Bangladesh to incur additional costs.

A major disadvantage of rising import costs is that it puts pressure on the balance of payments, which has a knock-on effect on the national currency exchange rate. In order to manage this pressure, it has become necessary to coordinate the exchange rate with the dollar, thus resulting in an increase in the price of consumer goods. This basic economic practice and its influence have been particularly visible in Bangladesh in recent times. Such an increase in consumer costs is particularly detrimental to marginal

consumers who are unable to bear the burden of the increased cost of goods. As such, this is a major disadvantage of rising import costs and an issue which requires careful consideration and management.

Still indomitable Bangladesh

In the last three years, the world economy has been beset by turbulent circumstances, with the onset of the global coronavirus pandemic followed by the Russia-Ukraine war. These events have created instability in the global economic system. Fortunately, Bangladesh has managed to successfully navigate the economic crisis during the coronavirus period. The International Monetary Fund's 2020 report has revealed that the country ranks third in terms of the highest GDP growth, which is a remarkable accomplishment. This success has been possible due to the swift and proactive measures taken by the government, such as the introduction of stimulus packages and other financial measures. The resilience of the economy in the face of these international events is commendable and speaks to the potential of Bangladesh in the future.

Due to the global COVID-19 pandemic, all sectors of the economy, including education, health, business, employment, and small and cottage industries have been adversely affected. In order to deal with this situation, the Prime Minister of Bangladesh, Sheikh Hasina, has given 31-point instructions to the government. Following these instructions, the government

was able to increase exports and ensure that the domestic market had a sufficient supply of essential goods. Furthermore, macroeconomic management was improved, and prudent fiscal and supportive monetary policies were followed in order to maintain economic stability during the pandemic. As a result, Bangladesh achieved an average GDP growth of 6.6 per cent over the past decade and an impressive 8.15 per cent growth in 2018-19. This impressive performance was recognised by the international community. Although the GDP growth of Bangladesh decreased slightly in 2019-20 due to the pandemic, the per capita national income increased to 2 thousand 64 US dollars. In the financial year 2021-22, it further increased to 2 thousand 824 US dollars. This has enabled Bangladesh to retain GDP growth and keep inflation at a bearable level.

The government of Bangladesh has already taken timely preparations to deal with the new crisis that has arisen in the global economy as a result of the Ukraine war. Honourable Prime Minister Sheikh Hasina has announced the formation of a budget support fund of 1 billion dollars as part of this. The fund will mainly be used to protect social security, small and medium enterprises (SMEs), commercial enterprises and industries.

The current world market movement is being closely monitored by the government in order to ensure that the domestic market remains stable, and that consumers are protected from inflationary pressures. It is attempting to import products from new sources at a relatively fast and low price to further mitigate market instability. Additionally, the government has been supplying goods at the lowest possible prices in the open market through organisations such as the Trading Corporation of Bangladesh (TCB). Moreover, in order to prevent any manipulation of consumer goods prices, regular market monitoring activities are being conducted by government agencies.

Given the resilient economy of the country which has successfully dealt with the crisis caused by the coronavirus, it is expected that it will be able to deal with the current critical situation in the same effective manner. The government has already shown its capability in advancing the ongoing infrastructure development projects of the country, despite the complications arising from the international transaction system.

Chittagong Port does not stop

Chittagong Port is one of the most important ports of the Bay of Bengal in the regional context. Its importance is even greater in the context of Bangladesh, being the main port responsible for handling the country's import-export trade. As a result, Chittagong Port has the responsibility of strengthening the country's economy and sea trade, all the more so now as the world is facing challenges posed by the Corona epidemic. The port has risen to this challenge admirably, demonstrating its ability to overcome obstacles and keep the country's economy and sea trade afloat.

Chittagong Port has seen a record increase in its handling capacity this year, thanks to the dedication of the Chairman of Chittagong Port Authority Rear Admiral M Shahjahan and his visionary plan. In the three months leading up to July 2022, sixteen pieces of handling equipment had been added to the port, including four quay gantry cranes, six rubber-tyred gantry cranes, two 100-ton capacity mobile cranes, two 50-ton capacity mobile cranes, and two container movers. This has resulted in an increase in the total number of gantry cranes to 18 and rubber-tyred gantry cranes to 49, ultimately helping to keep up with the growing import-export trade demand of the country.



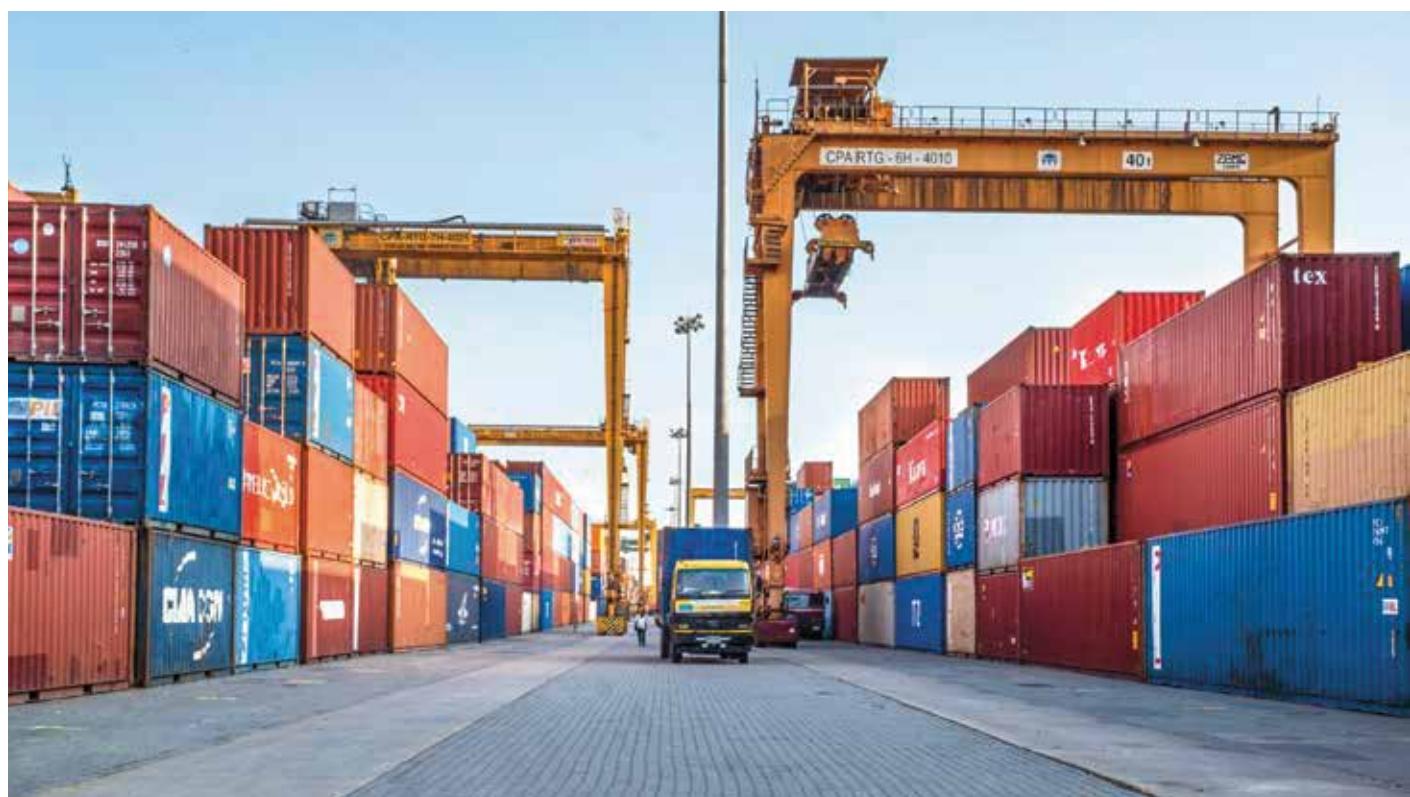
Several new cranes have been added to the fleet of Chittagong Port for fast and safe handling of containers

At the outset of the Ukraine war, the Chairman of the Chittagong Port Authority spearheaded an initiative to transport goods directly from Bangladesh to Europe. Symbolising the commencement of a new epoch in Bangladesh's maritime transport sector, the container ship MV Songa Cheetah departed for the Italian port of

Ravenna in February. As a result, a new sea trade route was set up between Bangladesh and Europe, allowing exporters to send their products directly to Europe without having to go through Colombo, Singapore, Malaysia, and other transhipment ports.

It was the first direct journey of a container ship from Chittagong Port to Europe since

A modern container yard in Chittagong Port





the start of container transport in 1977, and it carried 952 single containers of garments. The ship sailed through the Bay of Bengal, the Arabian Sea, the Indian Ocean, the Gulf of Aden, the Red Sea, the Suez Canal, and the Mediterranean Sea, covering a distance of 12,145 kilometres. This initiative has provided exporters in Bangladesh with direct access to the European market, circumventing other transhipment ports such as Colombo, Singapore, and Malaysia.

The journey towards international trade and connectivity between Chittagong and the European Union (EU) began in 2022 with the launch of the Songa Cheetah, the first-ever direct container shipping service between the two regions after 1977. This important milestone has been further strengthened with the recent launch of two additional direct container shipping services between Chittagong and several European ports. This new development has opened up new opportunities for trade and collaboration between the two regions.

Furthermore, efforts are also in progress to extend direct container shipping services from Chittagong to other EU destinations. This will significantly enhance the prospects

of international trade between the two regions and provide additional impetus to the historic journey that began with the launch of the Songa Cheetah.

Switzerland-based maritime logistics provider Commodity Supplies AG has recently taken a bold step forward in the world of shipping with the launch of its direct shipping services to Europe. The three chartered vessels, MV Spica, MV Andromeda J and MV Music, have provided the final impetus to this historic journey by arriving at Chittagong port, Bangladesh and then travelling to Rotterdam port in the Netherlands with containers of export goods. This is a great step forward for progress and development in the region, and one that will be remembered for generations to come.

Notable ports of the United Arab Emirates and Portugal have expressed interest in launching direct shipping services with Chittagong, a development which augurs well for the country's import-export trade. Moreover, MSC, an international shipping company based in Switzerland, recently launched a weekly container shipping service between China and Bangladesh,

known as the 'Bengal Service'. This new service will establish a direct connection between the Chittagong Port and the southern ports of China. It is anticipated that the launch of this service will provide a major impetus to the country's trade. The ships on this service will first travel from Hong Kong to Yantian and Shekou ports in southern China and then proceed to Chittagong via Singapore and Tanjung Pelepas.

The introduction of direct shipping services will revolutionise Bangladesh's foreign trade sector. It will reduce the time taken to send goods to the export destination, saving both time and cost. Additionally, it will provide a way to mitigate the hindrances posed by the Russia-Ukraine war in the global shipping sector. In brief, this visionary plan and initiative will prove to be highly beneficial for Bangladesh's foreign trade sector in numerous ways.

Blockade in seas

At the outset of the war, Ukraine's Azov Sea and Black Sea ports were blockaded as hundreds of ships and thousands of sailors were stationed at the ports of Ukraine, a

Chittagong Port provides 24/7 services for its users



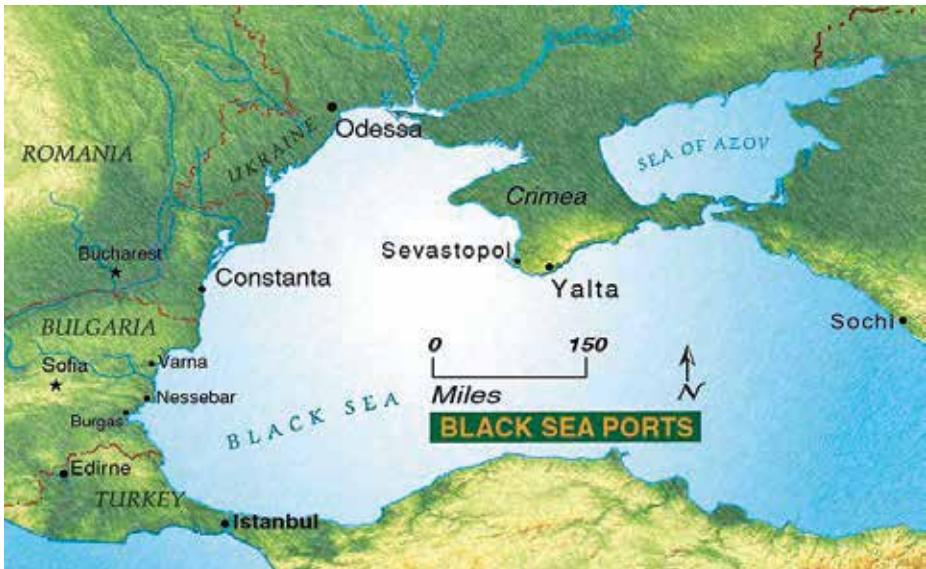
major supplier of food grains. The blockade of the port channels was further aggravated by the spread of floating mines, thereby preventing ships from leaving the port. In one such instance, Bangladesh Shipping Corporation's ship 'MV Banglar Samriddhi' was hit by a rocket attack while anchored in the Olvia port channel. This incident caused severe damage to the front part of the ship and resulted in the death of Hadisur Rahman, the third engineer working on the ship. Fortunately, the 28 sailors were safely evacuated to Romania and returned to Bangladesh eight days later, on March 10, with no further casualties.

The safety of seafarers has become a major concern due to the recent stranding of ships in Ukraine. Through various initiatives, some of the sailors were evacuated from Ukraine by land, but many remained stranded in the region. This prompted the International Maritime Organisation (IMO) to hold a special council session on the issue. However, it is not just the sailors stranded in Ukraine who are worried. There is also a concern for the safety of the sailors of the ships travelling to the ports of Russia and Romania via the Black Sea. The IMO has taken steps to address the safety of seafarers in the region and is currently working on finding a solution to ensure the safety of those travelling in the area.

Seafarers are increasingly concerned for their safety and the safety of their families in light of the ongoing Ukraine war. This has had a dramatic effect on the seafarers' satisfaction index, which was already in decline and has since dropped even further. The implications of this are far-reaching, both in terms of the well-being of the seafarers themselves and their families, as well as the negative impact on the industry as a whole.

The situation is dire and calls for urgent action to ensure the safety of seafarers and their families, as well as to restore confidence in the industry. It is essential that the global community works together to address this issue and to ensure that seafarers can continue to provide the essential services they provide, without compromising their welfare.

The imposition of economic sanctions against Russia by Europe and the United States due to its military aggression in Ukraine had far-reaching implications. Subsequently, top ports in Europe, including the United Kingdom, the United States and Canada, imposed a ban on the port calls of Russian-affiliated ships. This resulted in a



The map shows major ports at Black Sea

decrease in the number of ships in a large fleet as it could now transport goods to all parts of the world. The greatest impact of this ban was felt by energy exporters as many oil tankers had Russian affiliation either through ownership or registration. Consequently, these exporters were unable to utilise these tankers and the railway transport system was severely disrupted.

The global shipping sector is facing an unprecedented crisis due to the war in Ukraine, with bulker ships carrying food grains stuck in the region unable to join the European fleet. Recently, a humanitarian corridor was opened, allowing Ukraine's Black Sea ports to become somewhat operational. However, the situation is far from normal, as there are concerns about the safety of Russian and Ukrainian nationals serving on various ships in the global fleet. Consequently, Russian-affiliated ships have to travel relatively long distances to export destinations, as they do not have the opportunity to use European-American ports. This increases both time and cost, thus making the situation even more critical for the global shipping industry.

Conclusion

Conflict is a major source of disruption to global economies and human lives. The Russia-Ukraine rivalry is an example of this, as the blockade of Ukraine's ports and the imposition of Western sanctions on Russia's financial and export sectors have had an impact around the world. Consequently, countries that are import-dependent, such

as Bangladesh, are feeling the effects of this conflict. This is particularly true for developing and underdeveloped countries, as they lack the resources to quickly source essential retail, energy and food products from alternative sources. The economic insecurity present in the UK, the US and the rest of Europe is further compounded by the conflict, as consumer spending is declining due to the central bank's interest rate hike and other economic uncertainties. The Bangladesh government is actively trying to mitigate the impacts of this crisis through budget support and other supportive policy measures, as well as the Port Authority's decision to create a favourable environment for direct shipping services with Europe and China. Ultimately, it is clear that conflict can have far-reaching implications that extend beyond the two countries involved, and it is essential that efforts are made to reduce the impact of such conflicts on the global economy and humanity. ▲



➤ Bangladesh Makes Historic leap into Metro Rail Era



Prime Minister Sheikh Hasina formally inaugurated the country's first metro rail on 28 December 2022.

She opened a section of the Mass Rapid Transit (MRT) Line-6 by unveiling a plaque at the playground of Uttara sector-15 at 11:04 am. The section of MRT Line-6 connects the capital's Agargaon to Uttara North. The PM's younger sister Sheikh Rehana waved to the audience after the plaque was unveiled.

Prime Minister Sheikh Hasina highlighted the four milestones in the country's development that the inauguration of the metro rail has brought about.

The PM said that the metro rail in Bangladesh is a big achievement. Another milestone is that the trains will be run on electricity, making the project an environment-friendly one. The trains can be run remotely, and that is a milestone in the path towards a Smart Bangladesh. It will also mark the advent of high-speed trains in Bangladesh, she said, adding that the trains can reach a speed of 110 kilometres per hour. She said the first phase of the metro rail has been inaugurated, and the rest will be inaugurated soon.

Apart from PM, Sheikh Rehana; Road Transport and Bridges Minister Obaidul Quader, Rawshan Ara Mannan, chairman of parliamentary standing committee on the Ministry of Road Transport and Bridges; local AL MP Mohammad Habib Hasan, Road Transport and Highways Division Secretary ABM Amin Ullah Nuri, DMTCL Managing Director MAN Siddique; MRT Line-6 Project Director Aftab Uddin Talukder; new Japanese Ambassador to Dhaka Iwama Kiminori and JICA Chief Representative in Bangladesh Ichiguchi Tomohide took

➤ State Minister for Shipping sought support for Bangladesh's greener maritime industry initiatives at IMO



State Minister for Shipping Khalid Mahmud Chowdhury has called on the International Maritime Organisation (IMO) and major maritime partners to strengthen their support for

Bangladesh's initiatives towards a greener maritime industry in the country by 2050.

"To transition to a greener maritime industry, Bangladesh, landlocked developing countries (LLDCs) and small island developing states (SIDS) require financial, technological, and knowledge support from the IMO and major maritime partners," the state minister said at the "50 Years of Bangladesh Maritime Industry: The Road to Decarbonisation" organised by the Bangladesh High Commission in London during the 128th IMO Council held in IMO headquarters in the same city on 2 December 2022.

Bangladesh High Commissioner to the UK and Permanent Representative of Bangladesh to the IMO Saida Muna Tasneem said, "The government under the pro-climate leadership of Prime Minister Sheikh Hasina has set a vision and a mission for decarbonisation of the country's shipping sector by 2050 in line with initial IMO GHG reduction strategy."

At the event, IMO Secretary-General Kitack Lim commended the Bangladesh government for improving the country's ship recycling, environmental and safety standards. He also assured the IMO's continuous support to Bangladesh in its transition to a greener shipping industry.

Secretary of the Ministry of Shipping, Ports and Waterways and the head of the Indian delegation to the IMO Council Sanjeev Ranjan called for the full restoration of water connectivity between Bangladesh and India, which would be a significant step forward towards decarbonisation.

Bangladesh Commodore Md Nizamul Haq, director-general of the Department of Shipping, presented the keynote paper on Bangladesh's roadmap to achieving a greener shipping industry.

➤ Banks asked to relax LC margin rate for Ramadan items

The Bangladesh Bank (BB) has directed all commercial banks to relax the cash margin rate against the opening of import letters of credit (LC) for eight food items at the minimum level to keep their prices at a tolerable level and supply adequate during the forthcoming Ramadan. The food items are edible oil, sugar, chickpeas, pulses, beans, onions, dates and spices.

In a circular issued to this effect on 11 December 2022, the central bank asked all banks to keep the opening margin rate at the minimum level based on banker-customer relations. The central bank fixed the opening margin rate for LC settlement at 75% to 100% in a bid to limit imports to save the depleting foreign currency reserves in the country.

► PM opens development schemes at Payra Port



On 27 October 2022, Prime Minister Sheikh Hasina inaugurated and laid foundation stones of several development schemes involving Tk11,072 crore at the Payra Port to make the port into a world standard facility.

From her official residence Ganabhaban, she virtually inaugurated the development schemes that include capital dredging of the port, launching of eight ships, the first terminal and construction of a six-lane approach road and a bridge.

The capital dredging of the seaport's Rabnabad channel will create a 75km-long, 100-125metre-wide and 10.5metre-deep channel, building a capacity to dock 40,000 tons of cargo or 3000 container-laden ships at the port.

The capital dredging channel will cost an estimated amount of Tk4,950 crore while Belgium-based dredging company Jan De Nul will carry out the dredging work.

After completion of the construction work of the first terminal at a cost of Tk4,516.75 crore, three foreign ships carrying containers or bulk cargo will be able to dock simultaneously at the Payra Port. It will be opened for operation by December 2023. The 6.35km-long six-lane approach road is being constructed by the Roads and Highways Department (RHD).

A 1,180-metre-long bridge will be built at a cost of Tk740 crore over the Andharmanik river to transport goods to the Payra Port. The bridge is expected to be constructed in 30 months (two and a half years).

The Prime Minister inaugurated the Payra Port on 19 November 2013 and so far, 236 sea-going ships have arrived at the port, through which about Tk548 crore revenue has been earned.

State Minister for Shipping Khalid Mahmud Chowdhury, MP, Shipping Secretary Md Mostafa Kamal and Payra Port Authority Chairman Rear Admiral Mohammad Sohail spoke at the function held at Payra Port, Kalapara in Patuakhali.

► CPA holds meetings with stakeholders

The Chittagong Port Authority (CPA) on 29 November 2022 held a view exchange meeting with the stakeholders and businesses on how to speed up the operational activities of the port.

The meeting was presided over by CPA Chairman Rear Admiral M Shahjahan at the port's conference room where a director of the Prime Minister's Office and a deputy secretary of the Ministry of Shipping joined the meeting virtually.

The representatives from the Shipping Agent Association, Chattogram Chamber of Commerce and Industries, Bangladesh Garment Manufacturers and Exporters Association, Bangladesh Knitwear Manufacturers and Exporters Association, Chittagong Customs Clearing & Forwarding Agents Association, Bangladesh Freight Forwarders Association, Bangladesh Inland Container Depots Association, Chattogram Custom House and representatives from the Bangladesh Bank were present at the meeting.

CPA Secretary Md Omar Faruk said, 'The CPA organises a meeting with port users every month to exchange views and understand the difficulties they might have been facing.'

'The main purpose of the meeting is to mobilise the port activities as well as to normalise the country's imports and exports,' he added.



► Chittagong Port hires consulting firms for designing breakwater at Bay Terminal

The Chittagong Port Authority (CPA) inked an agreement with three consulting firms for the channel dredging and breakwater construction works of the Bay Terminal Construction Project. The joint venture of Sellhorn Ingenieurgesellschaft mbH, Germany; AQUA Consultant & Associates Ltd and KS Consultants Ltd, Bangladesh signed the agreement at the Bandar Bhaban on 19 October 2022.

Under the agreement, the consulting firms will prepare design, drawing, estimate and tender documents for the breakwater and access channel dredging work within the next six months.

CPA Chairman Rear Admiral M Shahjahan, all members of CPA, Sellhorn Ingenieurgesellschaft mbH's representative Manfred Voss, KS Consultants Ltd Managing Director Md Hafizur Rahman and department heads of CPA were present at the signing ceremony.



➤ Bangladesh signs four bilateral instruments with Brunei



Bangladesh and Brunei Darussalam have signed four instruments on cooperation in the areas of energy, aviation, manpower recruitment and recognition of certificates for two countries' seafarers to take their bilateral relations to a new height.

The documents were signed after the fruitful bilateral talks between the delegations of

Bangladesh and Brunei Darussalam at the Prime Minister's Office in Dhaka on 16 October 2022. Prime Minister Sheikh Hasina led the Bangladesh delegation at the talks, while Brunei Darussalam delegation was led by visiting Brunei Darussalam Sultan Haji Hassanal Bolkiah Muizzaddin Waddaulah.

The lone agreement is related to the air services while the memorandums of understanding (MoUs) are on employment and recruitment of Bangladeshi workers, cooperation in the supply of LNG and other petroleum products, and recognition of certificate issued under the provision of the International Convention on Standards of training, certification and watch-keeping for seafarers. Prime Minister Sheikh Hasina and Brunei Darussalam Sultan Haji Hassanal Bolkiah Muizzaddin Waddaulah witnessed the signing ceremony.

Bangladesh State Minister for Civil Aviation and Tourism Md Mahbub Ali and Brunei Minister at the Prime Minister's Office and Minister of Finance and Economy Dr Amin Abdullah signed the agreement on air services. Besides, Expatriates' Welfare and Overseas Employment Minister Imran Ahmad and Minister of Home Affairs Ahmaddin Bin Haji Abdur Rahman put pen to the MoU on Employment and Recruitment of Bangladeshi Workers. State Minister for Power, Energy and Mineral Resources Nasrul Hamid and Brunei Minister at the Prime Minister's Office and Minister of Finance and Economy Dr Amin Abdullah signed the MoU in the field of cooperation in the supply of LNG and other petroleum products. Besides, an MoU on 'Recognition of Certificates Issued Under the Provisions of the International Convention on Standards of Training, Certification and Watchkeeping for Seafarers, 1978 as Amended' was signed. The MoU was signed by Bangladesh's State Minister for Shipping Khalid Mahmud Chowdhury and Brunei's Prime Minister's Office Minister and Finance and Economy Minister Amin Abdullah.

➤ Chittagong Port has already become a regional hub: State Minister for Shipping

State Minister for Shipping Khalid Mahmud Chowdhury, MP has said that the Chittagong Port has already become a regional hub. He said this while speaking as the Chief Guest at the roundtable titled 'How Chittagong Port can be turned into a regional hub' at its Eskaton office on 30 October.

The state minister said, 'We are in the middle of the East and the West. Cox's Bazar Airport will become a regional hub. Matarbari Deep Sea Port will also soon become a regional hub. I have already started working towards this.'

Vice president of Bangladesh Freight Forwarders Association Khairul Alam Sujon presented the keynote paper.

Speaking at the roundtable, Rear Admiral M Shahjahan, Chairman of Chittagong Port Authority, said, at the current capacity, the port can release a ship within 48 hours. But this will require assistance of the relevant parties, including customs and freight forwarders. The chairman also said the customs introduced automation in certain areas.



➤ Six more training centres for sailors to be established: State Minister for Shipping

The state minister for shipping Khalid Mahmud Chowdhury has said six more educational and training institutes would be established to produce trained and skilled sailors. He said this while speaking as the Chief Guest at the golden jubilee and ex-cadets' reunion at the Deck and Engine Personnel Training Centre (DEPTC) at Sonakanda of Narayanganj on 23 October 2022.

Khalid Mahmud Chowdhury said, Prime Minister Sheikh Hasina has built many DEPTCs, marine academies and the National Maritime Institute (NMI). Currently, we have three DEPTCs at Narayanganj, Barisal and Madaripur. Two more DEPTCs would be established at Kurigram and Gaibandha, he added.

In addition to Chittagong, the Awami League government established an NMI at Madaripur while construction of another NMI at Kurigram is currently underway.

The shipping minister said, over the last 14 years prime minister Sheikh Hasina has transformed the country into 'Sonar Bangla' as predicted by Bangabandhu. She has expanded Chittagong Port, built Payra Port in the southern region while building of a deep-sea port at Matarbari is currently underway.

Principal of DEPTC Captain Md Shahjahan presided over the ceremony. Present among others were BIWTC Chairman Ahmed Shamim Al Raji, BIWTA Chairman Commodore Golam Sadek and Director General of Shipping Department Commodore Md Nijamul Haque.

► Chittagong Port's board is now bolstered by the addition of three new members



Md. Habibur Rahman
(Administration and Planning)

Md. Habibur Rahman has been appointed as the Board Member (Administration and Planning) of Chittagong Port Authority, succeeding Md Zafar Alam who retired from government services recently. Prior to joining Chittagong Port, Rahman served as the Joint Secretary of the Medical Education and Family Welfare Division of the Ministry of Health and Family Welfare.



Mohammad Shahidul Alam
Board Member (Finance)

Additional Secretary Mohammad Shahidul Alam has assumed the position of Board Member (Finance) of Chittagong Port Authority, replacing Md. Kamrul Amin. Prior to joining Chittagong Port Authority, he was serving as Chief Executive Officer of Chittagong City Corporation.



Commodore M Fazlur Rahman
Board Member (Harbour and Marine)

Commodore M Fazlur Rahman of the Bangladesh Navy has been appointed as the Board Member (Harbour and Marine) of Chittagong Port Authority, succeeding Commodore Mohammad Mostafizur Rahman.

► Bangladesh exports its largest-ever container ship to UK



Bangladesh exported a locally built 6100-ton load capacity high-speed multipurpose container ship to the UK. This is the largest container ship

built in the country that has been exported, according to the ship's builder. Ananda Shipyard, a Bangladeshi shipbuilding company, has built the ship as per the requirements of UK-based Enzian Shipping Company Ltd.

The vessel was officially handed over on 13 September through a ceremony held at InterContinental Dhaka. State Minister for Shipping Khalid Mahmud Chowdhury was present as the Chief Guest at the function.

Khalid Mahmud Chowdhury MP said, "This is our pride. Through exporting ships, another door has opened for foreign exchange earnings." He said, "We have expertise in state-of-the-art shipbuilding. We expect this industry to achieve export earnings close to that of the readymade garment industry in the future".

The ship is 364 feet long, 54 feet wide and 27 feet high. The ship's engine capacity is 4130 horsepower, speed is 12.5 nautical miles and capacity is 6100 tons.

Bangladesh has earned foreign exchange worth over Tk 10 million by exporting the ship. Since 1983, Ananda Shipyard and Slipways Ltd have delivered 350 ships. The ship can cruise through even 4 metres of thick ice in the Baltic Sea.

► Board Member Zafar Alam retired



Md. Zafar Alam had a long and illustrious career in the civil service, starting out as an Assistant Commissioner and going on to serve as Upazila Nirbahi Officer, Additional Deputy Commissioner, Director of the Environment Department, Secretary of the Tea Board and, finally, Member (Administration and Planning) of the Chittagong Port Authority. He was appointed to his final post in 2014 and retired from government service on 1 November 2022.

At the Chittagong Port Authority, Md. Zafar Alam made significant contributions to the overall development of the port. He was instrumental in modernising the recruitment examination system and skill development of officials and employees, introducing modern terminal management and the latest technology, planning development projects, and increasing the port's visibility as an important contributor to the country's development. Under his leadership, the One Stop Reengineering Project received special recognition from the Ministry of Shipping.

Md. Zafar Alam was also the first Project Director of the Matarbari Deep Sea Port Construction Project. The country's first maritime magazine, Bandar Barta and CPA News, was launched under his editorship in 2016 and has since become an authoritative source of news, analysis, and technical knowledge of the maritime sector.

In addition to his work in the civil service, Md. Zafar Alam was also active in a number of social activities. He was a lifetime member of the Foundation for Autism Research and Education (FARE), working to mainstream autistic children since 2007. He was also a lifetime member of Chittagong Mother and Child Hospital and Chittagong Diabetic General Hospital. Md. Zafar Alam's retirement from the civil service marks the end of a long and successful career. His contributions to the Chittagong Port Authority and to social causes in Bangladesh will be remembered for generations to come.



► 51st victory day celebrated at Chittagong Port

The 51st great victory day was celebrated in a befitting manner at Chittagong Port on 16 December. The daylong programme began with a one-minute-long whistling of all ships and vessels anchored within the port limit. All ships and vessels were decorated with colourful flags and festoons.

The national flag was hoisted at all office buildings of the port authority, school-college and club premises early in the morning. Later CPA Chairman and the board members hoisted the national flag, and paid tribute to the patriotic heroes who sacrificed their lives in the liberation war by placing wreaths at the memorial at Port Republic Club.

Besides, students of the different schools and colleges of the port took part in a drawing competition. At 10 am in the morning, a documentary on the best use of digital technology in building the Sonar Bangla as envisaged by Bangabandhu was shown. CPA Chairman Rear Admiral M Shahjahan attended the programme as the chief guest and distributed prizes among the winners of the different competitions.

In his speech, CPA Chairman said, Bangladesh is a role model of development before the world. At the directives of the prime minister, a deep sea port at Matarbari, and a tunnel under Karnaphuli River are being built. Bangladesh has evolved into a digital Bangladesh continuing its forward march towards development.

After the Johor prayer, CPA Chairman, board members and other department heads participated in a doa mahfil and special prayer. Besides, special prayers were also held at all mosques, temples and pagodas at the port seeking continuous progress and development of the country. In the afternoon, friendly football matches were held at the Shaheed Engineer Shamsuzzaman Stadium; one, between Chittagong Port Officers Association and Chittagong Port Employees Union while another, between Muktijoddha Sangsad Command and Port Republic Club.



► Plan to build a multifunctional dike at Cox's Bazar Sea beach

Plannings are underway to construct a multifunctional dike at Cox's Bazar to protect the sea beach from erosion, like the one the Dutch had built at Rotterdam in the Netherlands, according to a source to the parliamentary standing committee on the ministry of civil aviation and tourism.

Earlier the parliamentary committee recommended for taking steps to modernise the design for protecting the sea beach and increasing the width of the beach. Later the ministry informed the committee that according to the prime minister's words, sustainable and coordinated development design have been prepared for the construction of multipurpose dikes following the IWM feasibility study.

Another recommendation put forth by the parliamentary committee asked for providing a lasting solution for the break of the sea beach taking into consideration the actions taken by other developed countries utilising technology. After reviewing the different steps taken by the developed countries to hold back the sea, it was decided to build dikes at several points in Cox's Bazar like the multifunctional dike built at Rotterdam in the Netherlands.

► Bangladesh regains its position as second-largest global RMG exporter



Bangladesh bagged the second position again in the global apparel export market in 2021 after it was pushed back in third position by Vietnam in 2020.

World Trade Statistical Review 2022, released by the World Trade Organisation on 1 December 2022, showed that

Vietnam's share in global ready-made garment exports dropped to 5.80 per cent in 2021 from 6.40 per cent in 2020.

The share of Bangladesh in the global RMG market, however, increased to 6.40 per cent in the last year from 6.30 per cent in 2020. The ratio was 6.80 per cent in 2019 and 6.40 per cent in 2018. WTO statistical review also showed that RMG exports from Bangladesh rebounded strongly in the last year, recording 24 per cent annual growth.

In 2020, the exports faced a big setback and declined by 17 per cent against 7 per cent growth of Vietnam's RMG exports. The share of Bangladesh in the global clothing export market was 4.20 per cent in 2010, when the share of Vietnam was 2.90 per cent. China retained that first position by increasing its share to 32.80 per cent of the global clothing export market in the last year from 31.60 per cent in 2020.

The European Union, according to the WTO publication, is the second largest global exporter of RMG. So, technically, Bangladesh is the third largest global RMG exporter, and Vietnam is the fourth largest. If EU's combined export figures were disaggregated country-wise, Bangladesh and Vietnam would be the second and third top exporters. Turkey and India remained in the fifth and sixth positions, followed by Malaysia, Indonesia, Hong Kong, and Pakistan.

WTO statistics also showed that the annual export value of the top 10 exporters of clothing stood at \$460 billion, a big jump from \$378 billion in 2020. The value was recorded at \$411.0 billion in 2019.

► IORA's Outlook on the Indo-Pacific adopted



The 22nd Council of Ministers' (COM) meeting of the Indian Ocean Rim Association (IORA) has adopted the 'IORA's Outlook on the Indo-Pacific' (IOIP) which would guide enhancement of IORA's engagement in the Indo-Pacific region.

India led the process of development of the IOIP. The ministers also endorsed India's candidature for IORA Vice-Chair for the period 2023-25. The IORA Dhaka Development Initiative is now renamed as IORA Development Initiative.

"There is a good progress to establish the initiative. We hope that it will be finalised by early next year," said Foreign Minister Dr AK Abdul Momen.

The Ministers met Prime Minister Sheikh Hasina jointly on 25 November 2022. India participated in the 22nd COM meeting of the Indian Ocean Rim Association (IORA) held in Dhaka on 24 November.

The Indian delegation was led by Minister of State External Affairs Dr Rajkumar Ranjan Singh.

IORA is the largest and pre-eminent organisation in the Indian Ocean Region with 23 members and 10 dialogue partners.

► Patenga Container Terminal starts operation to ensure food safety

The Patenga Container Terminal (PCT) of Chittagong Port Authority (CPA) started its operational activities temporarily by berthing a ship loaded with rice on 16 November 2022.

The vessel MCL-19, loaded with 2,650 tons of rice imported from Myanmar, was berthed at the PCT.

The unloading of food grains from the ship started formally after a prayer.

The agent of the ship is Seven Seas Shipping Lines Limited and the stevedore is W Khan Company Limited.

Chairman of CPA Rear Admiral M Shahjahan said, "We've berthed a ship loaded with food grains at the PCT last evening. The unloading of food grains (rice) has started on 16 November. We are temporarily operating the PCT to unload the food grains as per a directive from the Prime Minister's Office to take necessary action for importing food grains through Chittagong Port on a priority basis. So, we are berthing the ships loaded with food grains at the PCT now."

He added, "The PCT is ready for inauguration and it is handling bulk carriers on the first day and geared container vessels thereafter on a priority basis."

Construction work of the PCT has just been completed at a cost of Tk12,995.8 million, funded by the CPA. A total of three container ships 190 metres in length and 9.5 metres in draft can be berthed at the PCT at a time.

► 52,500 tons of wheat arrive at Chittagong Port from Ukraine

A ship with 52,500 tons of government wheat arrived at Chittagong Port on 9 November from war-torn Ukraine. With this, the first ship from Ukraine carrying food grain has arrived in Bangladesh since the beginning of the Russia-Ukraine war in February 2022.

Earlier on 13 October, the Silak-2 carrying 52,000 tons of wheat arrived at Chittagong Port from Russia.

Ukraine's food exports came to a standstill after Russia imposed a naval blockade in the Black Sea off the coast of Ukraine last February, causing food shortages around the world. Poor countries, especially those dependent on Russia-Ukraine foodgrain reserves, are the worst sufferers.

Last August, Russia and Ukraine, with the mediation of Türkiye, signed a landmark deal with the United Nations, on resuming grain shipments through the Black Sea.

Under the deal, four ships with 115,000 tons of agricultural products left the Yuzhny, Chornomorsk Port of Ukraine for Africa, Asia, and Europe on 28 September. The ship "Magnum Fortune" left Chornomorsk Port for Bangladesh with 52,500 tons of wheat among them.

According to the Ministry of Food, the country has only 0.213 million tons of wheat stock in government warehouses as of 9 November, which is lower than normal. Bangladesh has an annual demand of about 7.5 million tons of wheat. Of that, 1 million tons of wheat are produced locally, and the rest of the demand is met by imports.

► Government approved purchase of 6 container scanners

Cabinet Committee on Government Purchase has approved a proposal for purchasing six container scanner systems from Nuctech Company Ltd worth Tk 327.1 crore.

According to the Internal Resources Division (IRD), The National Board of Revenue (NBR) in October 2019 planned to buy 14 container scanners to boost the inspection of export and import consignments and curb evasion of duties through false declarations.

Currently, customs have a total of seven scanners, including four at the Chittagong Port, which can scan 15-20 per cent of the import consignments, said a customs official.

NBR officials said they made scanning of all containers mandatory in 2009 to prevent imports through misdeclaration. The measure was also taken to prevent the smuggling of arms and ammunition.

However, NBR could not impose the rule due to scanner shortage. To date, 58 per cent of import-export containers remain unchecked.



➤ Bangladesh- Sri Lanka to increase maritime connectivity and cooperation



The second secretary-level meeting between Bangladesh and Sri Lanka on maritime cooperation will be held in Colombo within the quickest possible time to identify the possibilities and areas of cooperation in maritime connectivity. The information was revealed at a bilateral meeting between the two countries on 23 November 2022 in the conference room of the Shipping Ministry at the Secretariat.

State Minister for Shipping Khalid Mahmud Chowdhury and visiting Sri Lankan Foreign Minister MUM Ali Sabry led the delegations of their respective sides at the meeting.

The meeting was apprised that Bangladesh and Sri Lanka are working together to increase maritime connectivity and expand maritime cooperation by determining the scope of mutual benefit.

In the meeting, discussions were held on the Coastal Shipping Agreement between Bangladesh and Sri Lanka and Standard Operating Procedure (SOP) for launching feeder services between Sri Lankan Shipping Corporation and Bangladesh Shipping Corporation.

Earlier, the first secretary-level meeting between Bangladesh and Sri Lanka on maritime cooperation was held in Dhaka in 2019. But, the second meeting has been delayed due to the Covid-19 pandemic.

Shipping Secretary Md Mostafa Kamal, Sri Lankan High Commissioner in Dhaka Professor Sadharshan Seneviratne were present at the meeting, among others.

➤ Government working for saving the rivers and environment: State Minister for shipping

State Minister for Shipping Khalid Mahmud Chowdhury MP said Prime Minister Sheikh Hasina had taken steps to protect the rivers around Dhaka from encroachment and pollution in 1998. But after the elections in 2001, no further steps were taken to protect the river and the environment. Bangladesh has been affected by this. Rivers and the environment of Bangladesh have been damaged.

The state minister made these remarks in his speech as the Chief Guest at the National Workshop on the Draft Report on 'Shifting Dockyards along Buriganga River to Appropriate Places' at CIRDAP Auditorium in Dhaka on 22 November 2022.

Khalid Mahmud said Prime Minister Sheikh Hasina has taken many steps to maintain the navigability of the rivers in the last 14 years. Various types of dredgers, and special dredgers have been procured, large-scale projects have been undertaken. The country is progressing in all the indicators. The waterways, shipyards and dockyards need to be environmentally friendly and of international standards.

After 21 years, when Awami League came to power in 1996, Sheikh Hasina began talking about rivers and the environment.

Secretary of the Ministry of Shipping Md. Mostafa Kamal and Chairman of the National River Conservation Commission (NRCC) Dr Manjur Ahmed Chowdhury also spoke on the occasion. Chairman of BIWTA Commodore Golam Sadeq presided over the meeting.



Export and import licence validity extended to 5 years

The government has extended the validity of the Import Registration Certificate (IRC) and Export Registration Certificate (ERC) to five years from one year aiming to ease the business environment.

A circular issued by the Ministry Of Commerce to this effect on 23 November 2022 mentioned that the decision was made at a commerce ministry meeting on 28 September 2022. According to the notification, any trader can take a licence for any period between one year and five years, and the registration/ renewal fees will be calculated proportionately.

Bangladesh Garment Manufacturers and Exporters Association (BGMEA) President Faruqe Hassan welcomed the decision and termed it "business-friendly".

This will reduce the time required for obtaining various documents needed for the export and import licences, he added. He further explained, "We have to renew these licences every year, and it requires a lot of documents including those of banks which also need many verifications." For obtaining these documents, businessmen have to go to various offices, he mentioned, adding that if the government takes the same decision for the rest of the licences and certificates, traffic congestion in the city will reduce.



Navigating Uncharted Waters

Examining the Impact of Climate Change on Marine Insurance Policies

CPA News desk

Marine insurance is an ancient practice that has been present in the global financial landscape for centuries. Its importance has grown even more in the era of globalisation, leading to several changes in its structure over the years. International law has been implemented in order to provide more extensive protection coverage. Further changes to the marine insurance sector are likely in the offing, spurred by the growing transformation of energy sources within the shipping industry.

The latter half of the twentieth century witnessed the rise of globalisation, which has only grown in prevalence in the twenty-first century. Its impact is now felt across a range of areas, from culture to the economy. Economic activity has become increasingly globalised, in large part due to the advances in technology and improvements in communicative systems that have linked

the world together. Trade is now no longer bound by the internal boundaries of the countries in which it takes place, allowing products from one nation to dominate markets in other countries.

Approximately 90 per cent of goods traded on a global scale are transported by sea, thus necessitating the maritime transport

sector to accommodate the rising pressure of international trade. This has led to the steady increase of the global fleet, as well as the development of mega container ships to facilitate the delivery of vast quantities of commercial goods in a single shipment. As the demand for cargo handling at seaports intensifies, efforts are being made to increase their capacity. Additionally,



A Greek cargo ship that ran aground in the Strait of Gubal in 1983, the Ghiannis D is now one of the Red Sea's most photogenic wrecks

intermodal connectivity is being improved to guarantee a swifter delivery of goods from ports to their respective customers.

However, the pace of global trade and the maritime transport sector is not always stable. This has become increasingly evident over the past two to three years. At the start of 2020, the global trade network was brought to a standstill due to the emergence of the coronavirus pandemic, causing immense disruption to the sea transport sector. This resulted in huge losses for

those involved in the industry. On the other hand, 2021 has seen a dramatic reversal of fortunes. Consumer markets, especially in the West, have experienced a sharp rise in retail sales, placing immense pressure on the supply chain and consequently, those engaged in the shipping sector have had to contend with increased demand. Companies that suffered losses in 2020 have seen impressive profits in 2021.

The fluctuations in revenue and profit pose a significant risk to shipping operators.

Furthermore, the maritime transport sector must take into account a variety of other risks. For instance, vessels navigating the unpredictable seas are subject to the danger of shipwrecks, containers falling from ships, fires onboard, and pirate attacks. Additionally, producers and shipping operators must account for financial losses incurred due to delays in arrival, waiting for berthing opportunities at ports, cargo damage during port handling, and product loss.

As the global supply chain is being operated with a considerable amount of risk, marine insurance plays an effective role in mitigating it. Without this assurance of loss protection, it would have been challenging for many to trade in the face of such a great risk.

The modern marine insurance structure, which has been in place for a few centuries, has evolved to protect the maritime transport sector against the risks of various accidents. However, market analysts predict that the marine insurance sector is due for a major shakeup shortly, largely due to the influence of climate change. Consequently, many aspects related to insurance will likely be affected by this shift.

The increasing use of fossil fuels is widely regarded as a major factor in the global rise in temperatures. Burning these fuels releases large quantities of greenhouse gases into the atmosphere, which has a detrimental

Global Marine Insurance Market



effect on the environment. To combat this, greater emphasis is being placed on the use of sustainable alternative marine fuel in the maritime transport sector, as well as in other industries. However, there are certain risks associated with transitioning to this more sustainable source of energy, and these could have a major impact on the marine insurance industry. It is therefore essential that all stakeholders are fully aware of the risks before making the switch.

Marine insurance to protect maritime trade

Marine insurance is a form of property insurance that provides financial protection against potential losses associated with maritime activities. It is a contract between an insurer and the insured, in which the insurer agrees to indemnify any losses resulting from maritime risks, such as damage to a vessel or its cargo. Marine insurance also covers inland transportation of goods to a port for sea transportation including the coverage for losses incurred while at sea. In summary, marine insurance provides coverage for any damage to the product from the point of origin until it reaches the customer.

It has long been a point of contention as to when marine insurance first began to be practised. However, in the early 20th century, archaeologists uncovered three manuscripts that are estimated to be around four and a half thousand years old. Hieroglyphics on the manuscripts revealed that they contained some of the laws of the eminent Babylonian ruler Hammurabi, one of which specified the amount of debt that would be owed by shipping agents and charterers in the event of a financial loss due to natural disasters or theft-piracy. This serves as an indication that the practice of protecting maritime transportation from financial risks has been in place for thousands of years.

The practice of risk management can be traced back to the Middle Ages, when marine loans, commenda contracts and bills of exchange were used as a form of protection. The invention of marine insurance in Italian cities during the 14th century marked an important milestone in its development and soon spread to Northern Europe. In 1853, the marine insurance contract was introduced in Camoli, a village near Genoa, Italy. The development of modern marine insurance concepts can be attributed to Britain, where the Law Merchant was formed under the protection of commercial law, and a specialised Chamber of Assurance was established in 1601. As London's importance as a trading centre increased towards the end of the 17th century, so did the demand

for marine insurance. Edward Lloyd opened a coffee house in London's Tower Street in the late 1680s, which quickly became a hub for ship owners, merchants, and sailors. This Lloyd's Coffee House was the first marine insurance market.

The history of marine insurance is well-documented. Now, let us explore how many types of marine insurance there are. Marine insurance is generally divided into four distinct categories:

1. Freight Insurance: Freight Insurance refers to the insurance taken to protect against the potential loss of commercial ships and their associated equipment.

2. Marine Cargo Insurance: Marine cargo policy refers to the insurance of goods dispatched from the country of origin to the country of destination.

3. Hull Insurance: Hull Insurance covers the hull & torso of the vessel. It covers transportation against damages and accidents.

4. Liability Insurance: Marine Liability insurance is where compensation is bought to provide any liability occurring on account of a ship crashing or colliding.

Ocean-going vessels face two primary types of hazards: natural and man-made. Natural risks include storms, shipwrecks, collisions with floating icebergs, and other similar occurrences. Unnatural risks, on the other hand, are typical of a more human origin, such as pirate attacks, explosions, fires, goods falling into the sea, and wartime situations.

As the volume of international commodity trade has grown in the contemporary era, so too has the shipping pressure. This pressure can lead to ship-to-ship and ship-to-port collisions when navigating crowded channels or attempting to dock in confined port areas.

The ongoing conflict in Ukraine has provided a stark illustration of the vulnerability of the sector to geopolitical instability, with several ships damaged by shelling and hundreds more stranded in blocked ports for extended periods. Given the significant losses incurred by shipowners and producers alike due to transport delays, the role of marine insurance in mitigating such losses and damages has become ever more important.

As a general principle, there are six types of insurance coverage: 1. voyage policy, 2. time policy, 3. valued policy, 4. unvalued policy, 5. floating policy, and 6. open cover.

1. A voyage policy is insurance that covers a particular voyage only.

2. A time policy is a policy that insures the subject matter for a fixed time. A ship may be insured for two years starting at a certain date. It is also possible to adopt a mixed policy, whereby the insurance covers a particular voyage and runs for a specified period, for example, if a ship is insured for a voyage from Dubai to Genoa, and then for 30 days after the arrival in Genoa.

3. A valued policy is an insurance coverage whereby the value of the goods insured is agreed upon by the parties. The agreed value does not necessarily have to reflect the actual value of the merchandise. What that means is that the buyer may push for a higher insured value in order to take into account the profits that he expects to derive from the goods.

4. In an unvalued policy, the value of the goods is calculated according to statutory law.

5. A floating policy is an insurance policy whereby the details about the shipment and the goods are not known completely at the time when the insurance policy is taken out.

6. The open cover is not a policy, but simply an arrangement where the insurer undertakes to issue policies, floating or specific when required by the assured.

Economic importance of marine insurance

Marine insurance has long been a cornerstone of risk management in maritime trade, with its use tracing back hundreds of years. Without its economic importance, it is unlikely the maritime sector would have had such faith in it over the years. Marine insurance offers considerable protection to ship owners, buyers and sellers of goods, greatly reducing their risk when conducting business, and enabling them to operate with greater peace of mind.

In this era of globalisation, sea trade and the national economy have become strongly interconnected. The efficient transportation of goods via maritime routes is integral to the success of the global supply chain. Unfortunately, when economic downturns occur, the shipping sector is particularly vulnerable, disrupting the delicate balance of the international market. To mitigate the risk of financial losses due to economic downturns or other unforeseen circumstances, insurance has become an essential element of modern society. The maritime industry is no exception, as insurance is a necessary safeguard for its members.

Shipbuilding, production, and supply of consumer goods require significant



Fast growing maritime activities lead to ship-to-ship and ship-to-port collisions when navigating crowded channels or attempting to dock in confined port areas

investment and are subject to a number of asset protection issues for entrepreneurs and lenders. Unfortunately, accidents are often unpreventable, leaving businesses vulnerable to economic disaster and the need to cease activities out of fear of further damage. Fortunately, however, marine insurance offers an effective means of recovering any damages suffered as a result of an accident.

The effects of marine-related accidents and disasters are felt far beyond the initial financial losses incurred by the ship's owner. Not only do shippers and operators experience disruption or delay in their services, but these events have a wide-reaching impact on consumers and vulnerable populations. The ultimate burden of these events is typically shouldered by these individuals.

The Express Pearl accident of 2021 off the coast of Sri Lanka was a tragic reminder of the potential devastation that can be caused by a ship catching fire or sinking. The resulting spillage of hazardous chemicals and fuel oil posed a serious risk to nearby aquatic ecosystems, as well as the livelihood of local fishermen. The effects of the disaster may take decades to repair, as the chemicals released have caused significant damage to marine biodiversity.

In response to the accident, the insurance company of Express Pearl has paid 3.6 million dollars in compensation to the Sri Lankan government. This is intended to provide an interim solution to the affected fishermen and their families, while the government continues to negotiate with the insurance company and ship's owner for separate compensation for environmental damage.

Governments and private companies must take responsibility for the environmental impact of their activities. In the case of the Express Pearl, swift action was taken to provide some reparations to the affected parties, but long-term solutions are needed to ensure the safety of our oceans and the livelihoods of its inhabitants.

Normal consumer markets necessitate the smooth movement of goods, which is only achievable through seamless shipping. Unfortunately, the occasional disruption of some channel vessels due to accidents has a detrimental impact on the supply chain. Additionally, the disruption of ship schedules causes shipping companies to incur

additional costs, which frequently result in increased final product prices. Fortunately, if this loss is adequately covered by marine insurance, not only can the pressure on consumers be alleviated, but the overall market situation can be managed as well.

On March 23, 2021, Ever Given, a 20,000 TEU container capacity vessel owned by Evergreen Marine, became stuck transversely in the Suez Canal while en route from the Red Sea to the Mediterranean Sea. The 400-metre-long vessel was eventually freed after a period of six days, during which it was carrying 18,300 containers. This blockage of the Suez Canal affected global shipping, disrupting the supply chain and causing severe consequences for the international economy.

The aftermath of Ever Given's stay in the Canal lasted for another three months as the Suez Canal Authority claimed losses of between one and one and a half million US dollars per day. The Egyptian government demanded compensation from the vessel's owners and negotiations ensued between the owners, insurance companies and canal authorities. On July 7th, when an agreement was eventually reached, Ever Given was released from Egypt.

In times of war, navigating ships presents many risks; the safety of the sailors and crew, as well as the ship itself, is of utmost importance. However, should the shipping service be halted due to these risks, the global supply chain and consumer markets would suffer severe disruption. Marine insurance assures compensation to operators, allowing them to continue

X-Press Pearl: The 'toxic ship' that caused an environmental disaster in 2021



operations despite the risks, which would otherwise not have been possible.

On March 2, 2022, the Bangladesh Shipping Corporation (BSC) 's vessel 'MV Banglar Samriddhi' was subject to a rocket attack while at anchor in Ukraine's Olvia port channel during the Russia-Ukraine war. Subsequently, the Bangladesh Shipping Corporation sought compensation from the insurer, General Insurance Corporation. BSC has claimed a compensation of \$22.8 million, which is the first major marine insurance claim since the onset of the Ukraine war.

In Fiscal Year 2018-19, BSC acquired six vessels, three of which were bulk carriers, the most noteworthy of which was the 'MV Banglar Samriddhi'. This ship was purchased from China for an estimated sum of \$29 million and, in 2018, it joined the fleet of the Shipping Corporation. At the time of the incident, the vessel was being operated under a Danish charterer, Delta Corporation.

It is to be noted that the front portion of the ship sustained damage during the rocket attack, resulting in the unfortunate demise of Hadisur Rahman, the third engineer working on the ship. Subsequently, the crew of 28 sailors were safely evacuated to Romania. On March 10, after a span of eight days, the sailors returned to Bangladesh in a safe manner.

International law

Under the auspices of the United Nations Conference on Trade and Development (UNCTAD), two international laws are currently in place concerning the enforcement of maritime claims in the maritime transport sector. The International Convention on Maritime Liens and Mortgages 1993, which entered into force in 2004, is one such law. The other is the International Convention on Arrest of Ships 1999, which became effective in 2011.

The importance of international law of marine insurance can be seen in the context of the development of the British Marine Insurance Legal Regime, which is one of the earliest known instances of marine insurance practice in the world. A comparative analysis of the national insurance legislation of Britain and other countries has demonstrated the wide range of disparities between the marine insurance laws of each country. Despite this, it is evident that the types of marine hazards are relatively uniform across the globe.

Given the expansion of international sea trade, ships now have to traverse the waters of different nations with goods aboard. To ensure that common risks and losses of these vessels are mitigated, there must be



A boat skims oil spilled after the Deepwater Horizon well blowout in the Gulf of Mexico in April 2010

an international law and practice of marine insurance in place. It enables these vessels to be safeguarded against the myriad of hazards they face in their travels and ultimately, provides greater peace of mind for those involved in international maritime trade.

Climate change risks maritime transport

Climate change is an ever-growing threat to maritime transport and is becoming increasingly recognised as a major threat to global safety and security. The United Nations Office for Disaster Risk Reduction (UNDRR) has recently published a report on this, which found that in the last two decades, 350 to 500 moderate-to-severe disasters have struck the world, a fivefold increase from the average of the previous three decades. This alarming trend is expected to continue, with a projected 560 disasters per year by 2030 - an average of about one and a half per day. It is thus clear that climate change is an issue that requires urgent attention in order to mitigate the risks posed to maritime transport.

According to the United Nations Office for Disaster Risk Reduction (UNDRR), approximately 17 billion dollars have been spent globally on disaster prevention and mitigation over the past decade. Unfortunately, many of these disasters are caused by climate change and global warming and have disproportionately impacted low-income countries, which spend less than 1 per cent of their GDP on

disaster mitigation. Moreover, the UNDRR has cautioned that by 2030, up to additional 37.6 million people worldwide may fall into extreme poverty due to the effects of climate change and disasters.

Climate change is causing tremendous financial losses to the shipping industry. Ports situated in regions that are more prone to tropical cyclones and high sea waves are particularly affected, resulting in extensive damage to infrastructure and delays in operations. This, in turn, can lead to disruption in interlinked global supply chains, and thereby pose a major risk to financial losses.

As an example, the 2017 natural disaster season saw an increase in hurricane frequency in the Caribbean, resulting in severe economic losses for Small Island Developing States (SIDS). It is estimated that these losses amounted to a staggering \$32 billion.

In 2019, the Bahamas experienced approximately \$3.8 billion in losses as a direct result of Hurricane Dorian, with much of the damage concentrated in the transport infrastructure sector. Comparatively, Hurricane Sandy in 2012 inflicted a staggering \$62 billion in losses on New York, New Jersey and Connecticut; moreover, it caused a temporary shutdown of the New York/New Jersey container port operations for a week.

The ever-changing conditions of the world's oceans due to the effects of climate change have made the seas more unpredictable



than ever before. Reports of ships being put in peril due to strong sea storms and turbulent waves are becoming increasingly frequent. This can lead to substantial financial losses for those involved, as expensively constructed vessels and valuable cargo can be sunk in a matter of minutes. Furthermore, when disaster strikes, port operations can be disrupted, meaning that the planned journey of the ship is put on hold, resulting in increased operating costs. Marine insurance can help to protect marine operators against the financial risk of such losses, however, there is no guarantee that such policies will be able to protect against the danger. As the effects of climate change become more and more pronounced, insurance premiums are increasing, which in turn raises the cost of goods transportation and the price of goods.

Greenhouse gas in discussion

In 2018, the International Maritime Organisation (IMO) set a timely target to reduce greenhouse gas emissions from the global fleet of sea-going ships. This target aims to reduce emissions by 40 per cent compared to 2008 levels by 2030, and by 50 per cent by 2050. Furthermore, in 2021, the IMO adopted a short-term action plan to reduce the carbon intensity of ships by at least 40 per cent by 2030.

However, experts have expressed concern that the IMO's current target for greenhouse gas emissions may not be enough to effectively address climate change. In light of this, the IMO has made limited progress towards achieving its goal. To this end, the organisation plans to review its emissions strategy in the coming year.

In order to reduce emissions within the maritime industry, a number of initiatives have been undertaken, such as decreasing the use of fossil fuels and increasing the adoption of green fuels. Additionally, research and necessary infrastructure development are being undertaken at a promising rate. Moreover, various port authorities are offering incentives to vessels using eco-friendly fuel, and some ports are even forming green shipping agreements.

On 1 January 2020, the International Maritime Organisation's (IMO) Global Sulphur Cap Regulation came into effect, requiring ships operating outside of the existing Sulphur Emission Control Area (ECA) to use fuel with fewer sulphur emissions. While some ships already use Liquefied Natural Gas (LNG) as fuel or have installed exhaust gas cleaning systems (scrubbers) to reduce sulphur emissions, their number is comparatively small. The Sulphur Cap Regulation seeks to ensure that all ships use

fuel with a maximum sulphur content of zero or 5% or less, compared to the 3.5 per cent sulphur content allowed previously outside the ECA.

The marine industry has already begun to embrace the use of alternative fuels, with a notable number of vessels using Liquefied Natural Gas (LNG). Furthermore, research and development are underway to explore the possibility of using other alternative fuels such as ammonia, hydrogen and methanol. Additionally, electric-powered ships are also being considered as a potential means of transportation. At the same time, cargo vessels and tankers are experimenting with wind power by utilising kites, sails and rotors to maximise energy efficiency.

Although there have been plenty of inventive ideas to reduce emissions, no tangible technical solution has been found to enable the shipping sector to meet the 2050 target. To this end, the best utilisation of green energy and its supporting technologies is essential in order to realise emission reduction initiatives.

Alternative fuels will change the marine insurance sector

In recent times, the maritime transport sector has been confronted with a new

Marine Risks 2022 graphic via Allianz Global Corporate & Specialty Global Corporate & Specialty





Alternative fuels such as low emission Liquefied Natural Gas (LNG), biofuel, hydrogen, ammonia, etc. are being explored as viable options

risk in addition to the traditional ones: the risk of fuel conversion. Climate change is a global concern and world leaders are taking measures to reduce greenhouse gas emissions. The international shipping sector is also taking part in this effort, by implementing various initiatives to decarbonise maritime transport activities, such as alternative fuels.

It is indisputable that the excessive utilisation of fossil fuels constitutes another major factor behind global warming. Consequently, there is an increased focus on reducing the usage of these resources in maritime transport by complying with the objectives of the Paris Climate Agreement. Consequently, alternative fuels such as low emission Liquefied Natural Gas (LNG), biofuel, hydrogen, ammonia, etc. are being explored as viable options.

Replacing traditional energy systems with alternative fuels is no simple task. It is not feasible to make an overnight transition to more environment-friendly energy sources. To make such a shift, new ships powered by green energy will need to be constructed or existing vessels will need to be converted. Additionally, large investments in infrastructure will be necessary to build the pipelines and storage tanks necessary for such a transition.

Meeting the target of keeping global warming below 2 degrees Celsius under the Paris Climate Agreement requires extensive investments in the use of alternative fuels and improving efficiency in the ocean sector. To reach the IMO's 2050 goal of a 50 per cent reduction in emissions from the maritime

transport sector, investments of between \$1 trillion and \$140 billion are needed. To completely de-emission this sector over the next two decades, an additional investment of \$400 million is required.

The implementation of an environment-friendly fuel system is faced with a great challenge due to the need for a substantial financial investment. To secure such a large sum, stakeholders must be provided with assurance that their investment is protected from potential risks. Despite the potential of alternative fuels to provide effective solutions, many of its technical and infrastructural aspects remain in the experimental phase. Furthermore, the possibility of unexpected events occurring during the transportation and storage of commercially sensitive minerals cannot be eliminated.

As the global energy transformation towards renewable sources continues to gain importance, the value of offshore wind and deep-sea wind power projects as a source of renewable energy has seen a significant increase in recent years. Both advanced economies in the west and those in Asia have been investing heavily in offshore mega projects, however, these investments must be protected against natural disasters and piracy. To this end, risk management and increased security measures of offshore farms have become essential considerations for the marine insurance sector.

In addition, research and analysis into marine insurance are no longer limited only to traditional indemnity, but also take into account the environmental impact of ships

on aquatic environments. This includes the calculation of compensation for pollution and the conservation and sustainable use of the seas, with particular attention to the protection of biodiversity in international waters. These considerations are now playing a more prominent role in the marine insurance sector.

Conclusion

The history of European pirate looting has been well-documented and is widely known among the people of this country. Although the prevalence of pirate attacks has decreased, the effects of natural disasters on the waterways have become more pervasive. When travelling by sea, commercial ships are at risk of being exposed to hazardous conditions such as intense storms, turbulent waves, and pirate attacks, which can cause immense damage. Without the protection of marine insurance, the financial burden of these losses cannot be sufficiently offset, making the use of insurance essential in modern times.

Marine insurance has been a fundamental tool of risk management since antiquity, and its importance has only grown in the age of globalisation. Without it, many shipping operators would have faced significant losses and possibly gone out of business, which in turn would have threatened the competitiveness of the marketplace. Additionally, if a marketing company's products were damaged, it would have likely raised the price of its subsequent products to compensate for the damage, putting additional pressure on buyers. Ultimately, this would have hurt both the consumer market and the supply chain.

Therefore, marine insurance plays a critical role in sustaining market normality by effectively mitigating risk. However, the risk is constantly changing, and as a result, so too must the approaches to risk management. Shortly, climate change is likely to be the most influential factor in the changes that market experts anticipate in the marine insurance sector. Major shipping operators have already begun introducing green-powered ships as an eco-friendly solution, and electric ships are now a reality. Furthermore, various countries and organisations have taken initiatives to use alternative fuels, such as hydrogen and ammonia, for transport.

The revolutionary changes that are on the horizon come with their risks, and it is safe to assume that the marine insurance sector will need to make certain additions and modifications to address them. ▲



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