Supply crunch hikes onion prices

STAR/FILE

STAR BUSINESS REPORT

ONION prices shot up as much as Tk 9 a kilogram in the city markets due to supply disruption and escalating prices in India, the main import source.

Retailers sold onion at Tk 35-45 a kg yesterday, when a week ago it sold at Tk 28-36, according to Trading Corporation of Bangladesh.

In some stores and markets, onions are selling at Tk 50 a kg, according to data from the Department of Agricultural Marketing.

"Supply from the Bhomra land port, one of the major channels for onion import, has been on hold in the past two weeks," said Narayan Chandra Saha, an onion importer at Old Dhaka's Shyambazar, a wholesale point for onion.

The clearing and forwarding agent associations of the two countries' ports went on strike on January 20, demanding movement of heavy vehicles between the two ports.

Earlier, lorries could enter the Bhomra port, but it has been banned of late due to poor condition of the bridge.

"We hope the [strike] will be dissolved shortly and prices would come down to normal in the domestic market," said Md Alamgir Hossain, an onion importer at Bhomra.

The rising prices of onion in India, the country's main source of the essential cooking ingredient, are also to blame for the price hike.

India has seen the prices soar in recent times due to insufficient supply arising out of dry weather in its onion-producing areas.

In a letter, Sheila Dikshit, the chief minister of Delhi, asked Sharad Pawar, India's agriculture minister, to curb onion exports "to bring about an improvement in onion rates".

Helal Sikder, a salesman at Rajib Bainjavandar at Shyambazar, said prices of each kg of imported onion now stand at Tk 36 in Dhaka.

But the harvest of early varieties of onion has begun in Faridpur, one of the major onion producing areas. "It will cause prices to fall," he said.

Saha also expects the prices to drop in ten days' time on the back of increased arrival of imported onions and fresh harvest.

Starbucks tax offer 'too little, too late' for UK consumers

AFP, *London*

DESPITE pledging to pay millions of pounds in extra tax in Britain, Starbucks faces a battle to restore its reputation over its fiscal stance, with analysts saying the offer is "too little too late".

With 760 Starbucks outlets dotting Britain, coffee lovers need not travel far to find the familiar green signage and grab a frothy latte or a flat white.

But surveys suggest British consumers may be losing appetite for the US chain following the revelation last year that it has paid just £8.6 million ($13.8 million, 10.6 million euros) in British corporation tax since 1998, despite generating £3 billion in revenues.

The revelations sparked a stream of negative publicity plus protests outside coffee shops which analysts say hit the brand hard, though Starbucks itself insists "UK customers have remained loyal".

Under the weight of pressure from lawmakers and consumers, the company pledged in December to pay an additional £20 million in corporation tax over two years.

But Sarah Murphy, director of market researchers YouGov BrandIndex, said the offer "has done little to slow down negative sentiment surrounding the brand."

BrandIndex has tracked public perception of the coffee giant over several months. Its "Buzz" index gives companies a score based on what people have been hearing about the brand, with zero representing equal levels of positive and negative.

In early October Starbucks' Buzz score stood at +1.9, but this plummeted to -28.4 following the tax headlines, and reached -45.2 in mid-December.

"That was quite a significant decline," said Murphy, adding that measures of perceptions of Starbucks' quality and value also sank during that time.

In November, Britain's parliamentary accounts committee grilled top executives from Google, Amazon and Starbucks over their tax affairs.

The apparent peak in negativity surrounding Starbucks in December came after the committee's chairman Margaret Hodge slammed companies involved in tax avoidance schemes as "totally immoral".

Since then, Murphy says the brand "does seem to be making a slow recovery", but that the company "did too little too late."

Social media agency Yomego identified similar patterns. It tracked online conversation over the same period and found negative comments about Starbucks increasingly outweighed positive.

Some 95 percent of comments on Starbucks UK's Facebook and Twitter pages made reference to tax evasion, analysts said.

Yomego managing director Steve Richards said: "The outrage over tax avoidance can't help but have an impact on a company's reputation in social channels.

"The old adage that 'bad news travels fast' has never been more true. Now news has so many channels to travel through, with the potential to multiply as people comment on and share stories."

But does negative chatter cause consumers to shop elsewhere?

Restaurant manager Julia Stypik said she's "not a huge fan of Starbucks... There's much better coffee and plenty of competitors."

However this did not stop her frequenting a busy London branch of the chain one lunch-hour.

On the tax issue, she told AFP: "I think they have been very clever but this should end at some point. It's unfair. Everyone has to pay taxes."

EU's grand ambitions threatened by budget dispute

AFP, *Brussels*

THE European Union's grand ambitions to meet the economic and technological challenges of the future look likely to come under threat at difficult talks this week to set the bloc's next longterm budget.

Sources at both the European Commission and the European Parliament say EU leaders will be looking to trim a further 20 to 25 billion euros ($30-$35 billion) off the almost trillion-euro ($1.36 trillion) budget for 2014-2020 at a February 7-8 summit.

"All the projects for the future that could bring growth and jobs are under threat," a source familiar with the budget negotiations told AFP. "The crisis is killing all our ambitions."

The summit will be the second attempt by the 27 leaders to reach a deal on the budget after a November budget summit collapsed in acrimony.

The Commission had originally sought 1.047 trillion euros for the 2014-2020 EU budget.

EU President Herman Van Rompuy tried to broker an agreement at the November summit with a proposal for 74 billion in cuts to bring the budget down to 973 billion, or 1.01 percent of Europe's GDP.

However Britain, Sweden and the Netherlands pushed for still deeper cuts, with British Prime Minister David Cameron seeking to bring the budget down to 886 billion euros.

Many of the likely new cuts will be in the so-called "Connecting Europe" facility, a grand bid to connect up nations in the fields of energy, transport and digital networks.

The ambitious scheme dreamt up by the EU executive, the Commission, to propel the bloc into the future, is seen by several nations as too big a drain on the budget.

Salaries and other institutional costs that previously were left untouched would also see cuts.

The EU's administration commissioner Maros Sefcovic "is very worried about how discussions are going" and has warned against the risk of "breaking the European machinery," said a source.

Funds saved from these areas would be allocated to the Common Agricultural Policy (CAP) favoured by the big farming nations such as France and Spain, or to so-called "cohesion" funds to help poorer regions catch up with others, which are popular among the newer eastern European members of the bloc.

"This summit risks being the summit of the missed opportunity," said another official close to the budget talks, speaking on condition of anonymity.

With only a few days left, backroom talks are continuing.

The EU big two, France and Germany, are still not on the same page while Italy's Mario Monti, who is on the election campaign trail, is opposed to major cuts.

Monti said this week he was looking forward to seeing new proposals from Van Rompuy and that it was important for Italy that the budget be used to promote the EU's "ambitious goals" of growth and solidarity.

Politics of pollution: China's oil giants take a choke-hold on power

REUTERS, *Beijing*

THE search for culprits behind the rancid haze enveloping China's capital has turned a spotlight on the country's two largest oil companies and their resistance to tougher fuel standards.

Bureaucratic fighting between the environment ministry on the one hand and China National Petroleum Corp (CNPC) and Sinopec Group on the other has thwarted stricter emission standards for diesel trucks and buses -- a main cause of air pollution blanketing dozens of China's cities.

To be sure, many sources contribute to air pollution levels that hit records in January, but analysts say the oil companies' foot-dragging and disregard of environmental regulations underscore a critical challenge facing a toothless environment ministry in its mission to curb air pollution.

With widespread and rising public anger changing the political calculus, it also poses a broader question of whether the incoming administration led by Communist Party chief Xi Jinping will stand up to powerful vested interests in a country where state-owned enterprises have long trumped certain ministries in the quest for economic growth at all costs.

"I think the Communist Party's new government should weaken CNPC and Sinopec," said Wang Yukai, a professor from the National School of Administration. "These interest groups have too much power."

Delays in implementing stricter emission standards are rooted in money -- chiefly, who should pay for the price of refining cleaner fuels? By some estimates, auto emissions contribute as much as a quarter of the most dangerous particles in Beijing's air.

To supply cleaner diesel, the oil firms must invest tens of billions of yuan (billions of dollars) to remove the sulphur content, said Xiaoyi Mu, a senior lecturer in energy economics at the University of Dundee in Scotland.

PetroChina, the listed arm of CNPC, said in a statement sent to Reuters that all automotive diesel produced by PetroChina in 2012 met existing Chinese emissions standards.

AFP

Beijing's Tiananmen Square during heavily polluted weather (top) on January 31 and during clear weather (bottom) on February 1. Residents across huge swathes of northern China have in recent weeks battled through choking pollution at extreme levels, as Beijing was plunged into toxic twilight for the fourth time this winter.

It added PetroChina would "push forward upgrading of fuel quality, and supply clean, good quality and diversified products".

Sinopec did not respond to repeated phone calls from Reuters seeking comment.

Sinopec chairman Fu Chengyu, quoted in state news agency Xinhua last week, acknowledged that China's refineries are one of the main parties that should bear responsibility for air pollution. Even so, he added that was not because fuel failed to meet standards but rather because fuel standards were not sufficient.

The bureaucratic tug-of-war has been going on for years.

Frustrated by the repeated delays in enforcing existing environmental standards, China's deputy environment minister, Zhang Lijun, called a meeting in late 2011 with officials from the country's two biggest oil companies.

In unequivocal statements, he sought to lay down the law: The ministry was not going to further delay the cleaner China IV emission standard for trucks and buses, despite reluctance by CNPC and Sinopec to supply the fuel that would cost more to produce.

"If the sulphur content in your oil is too high and does not meet the standards, and if cars break down, it'll be your responsibility. The environment ministry will have nothing to do with it," Zhang said, according to Tang Dagang, director of the Vehicle Emission Control Centre, who was present at the meeting.

The officials from the oil companies responded by promising to supply the cleaner fuel after the Lunar New Year in 2012, a traditional holiday that fell in January that year.

But a few months later, a spot check by the environment ministry showed the companies were still supplying ordinary diesel, said Tang, whose policy research group is affiliated with the ministry.

With media focusing on a sudden worsening of the air quality in Beijing at the start of 2013 -- 21 days in January recorded "heavily polluted" levels or worse -- urban residents are increasingly impatient with the political wrangling.

"The air pollution is terrible," said Beijing resident Zhang Shuqing on a recent very polluted day. "They need to sort it out, the department responsible needs to sort out the environment."

The environment ministry, however, faces formidable odds in the face of China's complex bureaucracy and weak enforcement of laws.

At least 10 government entities such as the powerful National Development and Reform Commission (NDRC) and the Ministry of Industry and Information Technology (MIIT) shape policies that affect the environment.

Unlike the US Environmental Protection Agency, the environment ministry has no power to set fuel emission standards, and sometimes it is not even consulted on decisions taken by other government departments that would affect the environment.

For example, when the MIIT and the NDRC held a meeting to deliberate on a policy subsidising energy-saving cars, they never contacted the environment ministry, said Ding Yan, deputy director of the Vehicle Emissions Control Centre. As it turns out, some of these cars are actually relatively heavy polluters.