Holcim pins hopes on Bangladesh

SARWAR A CHOWDHURY

HOLCIM Cement is bullish about the multinational firm's prospects in the country thanks to the ongoing high-profile infrastructure projects, which will pave the way for more growth, its two high officials said.

In preparation, the company recently invested Tk 300 crore to expand its production capacity to 20 lakh tonnes a year.

"We see only opportunities here. We do not see any barrier, or else we would not have invested a further Tk 300 crore," Aidan Lynam, head of Holcim Group's South Asia operations, told The Daily Star in an interview.

The political instability, which brought the country down to its knees, is not a big issue to the Swiss company either.

"Bangladesh is not the only country that is seeing political ups and downs. It is not an unusual thing to be scared of it, but we do not see it as a big issue—not here in Bangladesh or anywhere else."

While the government has been facilitating the investment climate, he said it could do well by better enforcing the laws and regulations.

Asked whether the construction of Padma bridge will open business opportunities for Holcim, Rajnish Kapur, managing director of Holcim Cement (Bangladesh), said it is not just the Padma bridge, there are a number of infrastructure projects taking place, all of which are "the drivers of growth in a country".

He said the cement manufacturer does not want to fixate on the bridge's construction. "What will happen to us once the bridge is made?"

Kapur instead is focusing on the growth opportunities that will present itself once the bridge is up and running. "The Padma bridge is going to connect and develop that part of the country -- it will be some growth engine."

Holcim is "very actively looking to participate" in the monumental bridge's construction process. "We are in discussions with designers and consultants. We are prepared to bring in our best quality cements, which will meet all requirements," Kapur added.

Quality is one aspect that the company places great emphasis on. "Volume and size is not everything. For us quality is everything," said Lynam.

The Holcim regional head, who was in Dhaka on June 24, said the company is happy being number 5 or 6 in terms of volume and returns in Bangladesh, where the

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Left, Rajnish Kapur, managing director of Holcim Bangladesh, and Aidan Lynam, head of Holcim Group's South Asia operations, sit for an interview with The Daily Star.

cement industry registers 8 percent annual growth.

"We are not obsessed with market share. What we are obsessed with is satisfying our customers with quality of products and services."

Fortunately for Holcim, the customers here are looking for reliability and consistency and players who can deliver in a consistent manner, he said. "Our prospects are very good in the market, in that sense."

"Stick to your quality, code of conduct and compliance and be a long-term partner in the country where you operate. Take the normal path and be consistent and clear and transparent -- and you will get results."

About the merger plan between Holcim and its direct competitor Lafarge, Lynam said it would be too early to draw a conclusion on the issue.

There is an intention to merge, which is conditional on regulatory approval in parts of world and this process is underway, he said.

"But it will be a very positive experience if it happens. Both the companies align in terms of values and mindsets. Economically, it will be a very positive thing, especially for the customers," Lynam said.

Founded in 1912, Holcim today has operations in more than 70 countries and is the market leader in cement production in India, Australia, Azerbaijan, Slovakia, Switzerland and Latin America.

Holcim Bangladesh began its journey in September 2000 through acquisition of Hyundai Cement Bangladesh. Gradually, Holcim solidified its interest in the country by acquiring two more plants: United Cement Industries at Meghnaghat and Saiham Cement Industries at Mongla.

The annual demand for cement in Bangladesh is around 1.8 crore tonnes a year, while the production capacity of the active manufacturers combined is around 3.5 crore tonnes, almost double the local demand.

BRICS to launch bank, tighten Latin America ties

AFP, *Brasilia, Brazil*

THE BRICS group of emerging powers will launch its own development bank at a summit next week, using its growing influence to establish a counterweight to Western-dominated financial organizations.

Fresh from the World Cup final, Brazilian President Dilma Rousseff hosts the leaders of Russia, India, China and South Africa in Fortaleza on Tuesday before an unprecedented meeting with South American leaders the next day in Brasilia.

On the diplomatic front, the summit will mark the first face-to-face meeting between India's new Hindu nationalist Prime Minister Narendra Modi with Chinese President Xi Jiping.

For Russian President Vladimir Putin, who traveled to Cuba this week, the trip comes amid newly frayed relations with the West over the crisis in Ukraine.

The leaders, including South African President Jacob Zuma, will establish two new financial organizations: a development bank to fund infrastructure projects and a reserve fund to fend off currency and balance of payments crises.

The BRICS are "countries with enormous potential that can gain many benefits for themselves but also for a new economic and international political order," said senior Brazilian foreign ministry official Jose Alfredo Graca Lima.

Graca Lima said the bank and the reserve would "complement" the Washington-based World Bank and International Monetary Fund.

The bank will have capital of $50 billion with each country contributing $10 billion, while the reserve, which has been described as a "mini-IMF," will have $100 billion at its disposal, Graca Lima told reporters.

For the fund, China will make the biggest contribution, $41 billion, followed by $18 billion from Brazil, India and Russia and $5 billion from South Africa.

- Opposed interests -

"The BRICS want to create alternatives, a type of global monetary policy more in tune with the realities of emerging countries," Andre Perfeito, chief economist at Gradual Investimentos consultancy, told AFP.

Despite their agreement on the need for a bank, the five countries are split on where it should be headquartered.

Graca Lima said Shanghai was the frontrunner to host the bank but South Africa's Trade and Industry Minister Rob Davies said Johannesburg was still in the running. New Delhi and Moscow are the other candidates.

The five nations are also negotiating who should hold the bank's rotating presidency first. And the membership of the board of directors has yet to be decided.

The BRICS were created after economist Jim O'Neill used the acronym in 2001 to describe the growing powers. They are now seeking to break the European, US and

Demand for personal computers still erratic, outlook unstable

REUTERS, *San Francisco/Seattle*

IMPROVED demand for personal computers after years of declines may not last as emerging markets remain weak and recent corporate upgrades in the United States and Europe may prove fleeting.

The latest sign that the PC market's stability could be short-lived came from technology distributor Synnex Corp. Its shares have slumped 16 percent since Chief Executive Officer Kevin Murai warned earlier in July that increased demand was already waning from companies buying new computers to upgrade their operating systems after Microsoft Corp stopped supporting Windows XP in April.

Investors have pushed shares in PC mainstays Microsoft and Intel Corp and parts suppliers such as Seagate and Western Digital Corp to decade- or record-highs, partly on bets that the global slump in PC demand that began with Apple Inc's launch of the iPad in 2010 may have hit bottom.

But detractors point out the story is far from certain. Demand is still falling in emerging markets such as China, crucial to any sustained comeback. While up to a quarter of the world's PCs still employ the 13-year-old Windows XP, it is unclear how many will choose tablets or Apple and Google Inc "Chrome" computers over PCs, rather than upgrade to newer Windows versions.

"If this is only a couple quarters of flat growth and all of a sudden we go down to 5 and 7 percent year-over-year declines again, then people are going to get nervous and say we don't know where the bottom is," said Chuck Jones, founder of research firm Sand Hill Insights.

Intel reports its second-quarter results on Tuesday, while Microsoft posts earnings on July 22 and both are likely to shed more light on the state of the global PC market. Seagate, which reports on July 17 and Western Digital, which gives its results on July 30, could fill in the picture further.

Optimism on Wall Street has grown since Intel unexpectedly raised its quarterly and annual revenue outlooks in June, sending its shares to levels not seen in a decade. Microsoft's stock is at highs last seen in 2000.

Shipments of PCs were flat in the June quarter, according to research firm Gartner, a better-than-expected result.

"Market feedback on the PC space is much better than 18 months ago," memory chipmaker Micron Technology Inc President Mark Adams told Reuters in June. "We've been talking and planning about the back half of the year with our customers and they're pretty focused on making sure we don't take away (DRAM) capacity." DRAM chips are widely used in PCs.

Global tablet shipments in the March quarter fell for the first time ever, according to NPD DisplaySearch. U.S. consumers who once thought they would get by with a tablet are gravitating toward cheap laptops.

"The PC is not dead. There is a healthy market under there," FBR analyst Chris Rolland said, pointing to a gradually improving U.S. economy.

REUTERS

A woman browses web at an internet cafe in Madrid.

India targets middlemen in food chain as inflation bites

REUTERS, *Hapur, India*

EVERY few weeks farmer Jay Narayan Singh hauls onions and potatoes in a hired lorry to a wholesale market an hour's drive from his home in the country's northern plains, only to sell his vegetables at a quarter of the prices retail consumers pay.

A law that dates back more than 50 years forces Singh and millions of other farmers to sell produce in regulated markets where middlemen take a hefty cut, boosting the cost of fruit and vegetables sold from handcarts and corner shops.

"The market is nothing but a haven for a clique of middlemen who indulge in profiteering, depriving both farmers and consumers of a fair price," Singh said.

As food inflation nears 10 percent, the new government of Prime Minister Narendra Modi faces accusations that it is doing no better at reining in prices than the Nehru-Gandhi dynasty's Congress party, which suffered its worst election defeat in May.

Determined to avoid a repeat of the inflation scourge that contributed to the Congress downfall, Modi is taking aim at the Agriculture Produce Marketing Committee (APMC) Act.

The law aims to protect farmers from exploitation by rich landlords, and requires all produce to be sold through regulated markets in most of the 29 states.

Even big retailers, such as Reliance Industries, Wal-Mart Stores Inc, Shoppers' Stop and Britain's Tesco Plc, can only buy through wholesale markets governed by the Act.

But critics say too many people in the supply chain seek a cut, which exaggerates price rises during India's frequent supply disruptions because of a perennial shortage of storage.

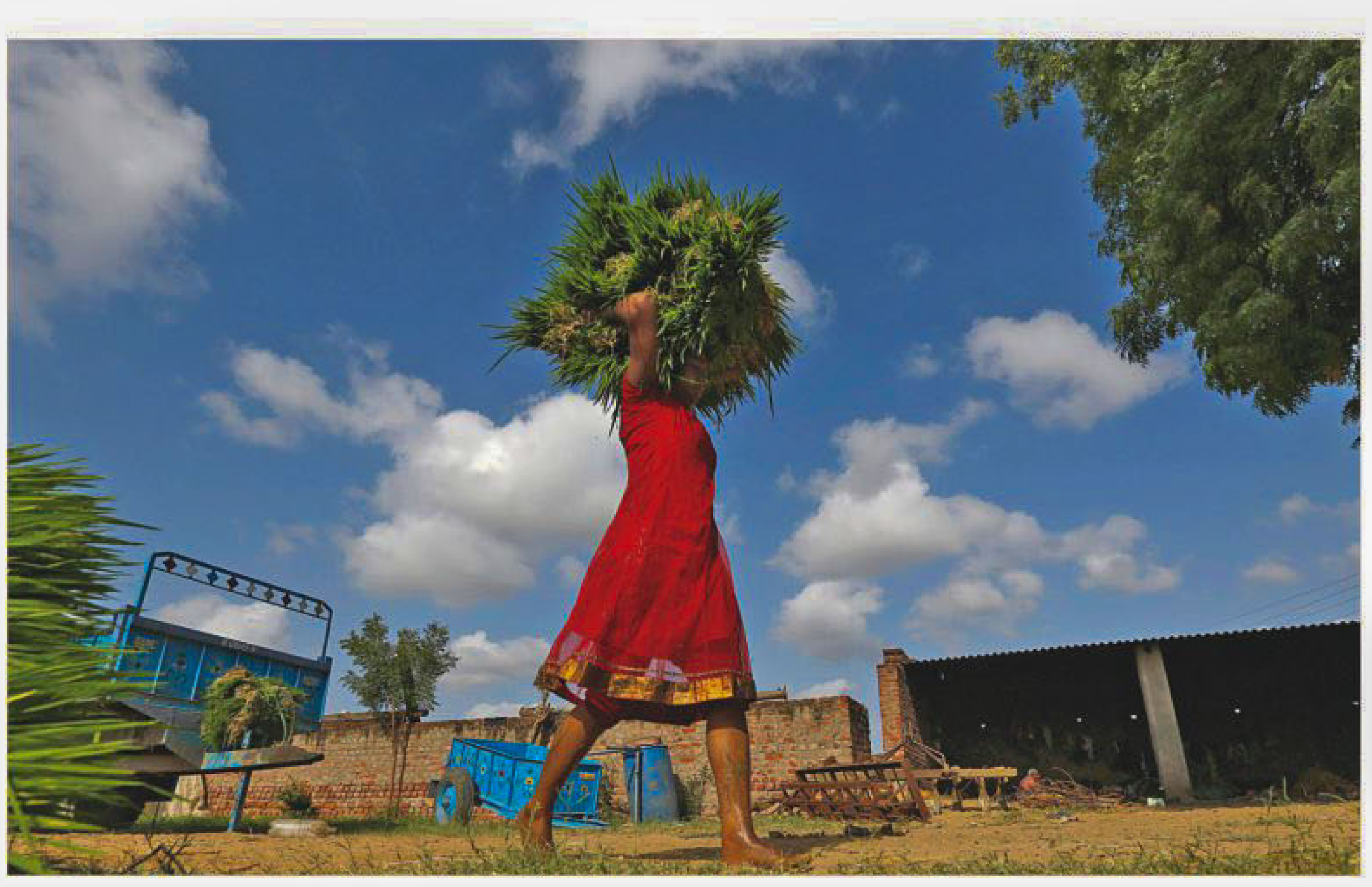
Modi's food and finance ministers are now pushing states to let fruit and vegetable farmers sell to anyone they want, ending a practice that governs more than 7,000 wholesale markets.

"Allowing direct purchases will be a win-win proposition," said farmer Ved Prakash Sharma, as he oversaw labourers unloading sacks of vegetables at the Hapur wholesale market, about 60 km from the Indian capital, New Delhi.

"While we will get a fair price for our goods, consumers will have to pay less."

Authorities in the capital have already taken the step, but other state governments face a tough battle against entrenched vested interests in doing the same. Only Bihar has so far succeeded in revoking the Act.

Many middlemen who benefit from the system are supporters of Modi's Bharatiya Janata Party (BJP), which needs to keep voters



REUTERS

A labourer carries saplings to plant in a paddy field on the outskirts of the western Indian city of Ahmedabad.

sweet ahead of assembly polls due this year in Delhi, Haryana and Maharashtra.

Even some farmers could baulk at any assault on traders, who are often a source of credit in hard times after drought or crop failure.

An opaque system of auction by traders' cartels leaves farmers with scant bargaining power.

Farmers who travel long distances to market often cannot afford to return home without a sale, said Naveen Yadav, a farmer who brought a truckload of okra to Hapur.

"After extensive research we found that the total margin of middlemen in the entire chain adds up to 75 percent, ramping up costs for consumers," said Gokul Patnaik, chairman of GlobalAgri System, a Delhi-based farm consultancy.

In other countries where the food supply chain is better integrated, the margin ranges from 20 percent to 30 percent, he added.

Excluding fruit and vegetables from the APMC Act would cut prices by at least 5 percent because direct selling would cut out middlemen's commissions and wholesale market fees, he said.

Numerous middlemen also add to a high rate of spoilage, as cargoes get repeatedly loaded and unloaded.

That leads to wastage of as much as a quarter of the value of goods, with consumers paying the cost, Patnaik said.

Levies such as wholesale market fees, purchase and sales taxes, and weighing and loading charges also boost final prices.

Some states add a tax to fund welfare programmes, such as Punjab, where levies add up to nearly 15 percent of the value of goods.

Food Minister Ram Vilas Paswan favours a uniform market in which farmers can sell whatever, and wherever, they want.

"There's no market for India as a nation," Paswan told reporters last month. "Everywhere you have sort of a barricade. We are trying to bring in the concept of India as one market."But Paswan could face resistance from state governments, which could fight measures that threaten earnings from taxes.

Farming forms 14 percent of India's nearly $2-trillion economy and employs more than half its 1.2-billion population.

Stamping out middlemen is not a panacea.

The government will have to give private players incentives to invest in alternative large markets, said Ashok Gulati, an agriculture expert at economic policy think-tank ICRIER.

Middlemen still thrive in Bihar, the only state to have junked the Act, because it offered no alternative arrangement to growers, such as private markets or direct purchase centres.

Trying to modernise the food supply chain by meddling with every stage and every product would only lead to failure, a group of senior government officials warned recently.

"One way of playing an enabling role is to allow foreign direct investment into multi-product retail," they said in an internal memo, a copy of which was seen by Reuters.