Blend technology with farming for optimal yield

Agriculture must become more productive and sustainable in the years ahead, Davor Pisk, chief operating officer of Syngenta International, tells The Daily Star

Reaz Ahmad

BANGLADESH will have to enhance farm productivity by blending modern technologies, hybrid seeds and world-class crop protection solutions in the face of depleting farmlands and rising population, an expert said.

Davor Pisk, chief operating officer of Syngenta International AG, the world's largest agrochemical company, said, "Growers across the world are facing this challenge of enhancing productivity, and we all need to shift to advanced technology and scientific agronomic practices."

"In Bangladesh, agriculture essentially has a fundamental need to become much more productive and sustainable in the years ahead," he told The Daily Star in an interview recently in Dhaka.

Bangladesh has tripled its rice production since its independence, from 10 million tonnes in 1971 to over 32 million tonnes in 2014. Bangladesh is now the world's sixth largest producer of rice, which accounts for 77 percent of agricultural land use.

The supply of rice is likely to grow to 39 million tonnes by 2030. It is projected that Bangladesh will be able to supply its own cereal grain till 2020.

Pisk said modern rice varieties have been introduced on 75 percent of the total rice cropped area.

"These trends are highly encouraging," he said, noting that the agriculture sector characterised by small, rice-dominated farms have greatly contributed to increasing food self-sufficiency over the last 30 years.

However the challenges are glaring for Bangladesh as well, in view of the growing population and their increasing requirements, according to the Croatia-born British national.

"I have reasons to believe that the country will continue to script good success and adoption of technology, high-end solutions and enhanced agronomic practices will further add to the growth potential. And yes, there is merit in continuously expanding extension services to ensure farmers remain on top of the learning curve."

Swiss-based Syngenta is a leading agriculture company helping improve global food security by enabling millions of farmers to make better use of available resources through the company's innovative crop solutions.

"We are committed to rescuing land from degradation, enhancing biodiversity and revitalising rural communities. A focus on agricultural sustainability has always been fundamental to what Syngenta does."

Pisk, who completed his master's in political science from the University of California, but chose to pursue a career in agriculture chemicals, said the company is working extensively on solutions that provide productivity enhancements of up to 30 percent in important crops such as rice, corn and vegetables just by following simple crop protection protocols and applying inputs at the right stages of the crop cycle.

One of our integrated crop solutions for rice, GroMore, is consistently attaining more than 20 percent greater yield for rice farmers, he said.

"This is significant for a country like Bangladesh where rice is the staple food."

With a population of more than 160 million, Bangladesh requires a robust, modernised agriculture sector to ensure food security, Pisk said. The scope to increase cultivable land is limited.

"To meet the food grain requirements of the nation, agricultural productivity and its growth has to be sustained and improved. Judicious use of agrochemicals is very important for the sustained growth of the Bangladesh agriculture and economy."

"Plus we need all available agricultural technologies, including biotechnology, to meet the current and projected demand for food, feed, fibre and biofuel. GM (genetically modified) is one tool in a range of options that can help produce enough food for a growing world population."

He said it is important to look at biotechnology in the context of climate change.

Davor Pisk

Pisk said he is particularly happy to note that Bangladesh has realised the potential of biotechnology.

State-run Bangladesh Agricultural Research Institute has released four BtBrinjal varieties since October 2013. Another three are likely to be released this year.

"Things are on track for the development of biology-driven technology to meet future requirements. Agricultural biotechnology can improve productivity, secure yields and improve the quality of crops, while minimising the impact on the environment," he said.

"If Bangladesh is to feed its growing population, GM and other technology options should be available to farmers."

Pisk said a rule of thumb for profit in farming is to reduce the production cost and get more yield out of the same land.

"Building on the combined strength of our crop protection and seeds businesses and with our unique approach of 'thinking like a grower', we are embracing the farmer with one voice and one face, to deliver end-to-end solutions for key crops such as corn, wheat, rice, vegetables and cotton. Our integrated crop solutions for these crops ensure increased yield and quality of the produce giving better profitability margins to the growers."

In addition to technology and agronomy, there will always be need for enhancing better market linkages for farmers, improving access to institutionalised loans, providing extension services, and including crop rotation to ensure farmers get adequate returns on their investments."

Pisk came to Bangladesh on a three-day tour, three days after Syngenta announced state-run China National Chemical Corporation's offer of $43 billion to acquire the Swiss pesticide and seed giant.

It is widely believed that ChemChina's buying Syngenta would enable further expansion of the company's presence in emerging markets, particularly in China and the rest of Asia.

Under the deal, Syngenta will retain its name, management, its broad portfolio and geographic presence, and remain headquartered in Switzerland.

Pisk said ChemChina's offer to acquire Syngenta is unanimously backed by the board of the Swiss company. The transaction could be concluded by the end of this year, subject to shareholder acceptance and regulatory approvals.

"While we are very excited about the many opportunities this combination is expected to create, it will still be business as usual for our customers, business partners, employees, shareholders and the communities we serve."

He said the deal will give the company a stable shareholders' base having long-term commitments. "We'll try to reach out to more smallhold farmers across emerging markets."

Pisk also pointed out a potential danger. He said the world is reaching a situation where it is becoming difficult to motivate the existing farmers to continue farming and it will only get more difficult in the future.

"If we do not equip growers with required technologies to break away from the cycle of El Nino, floods and droughts, the situation may even become worse. So, there lies tremendous opportunity for the private sector and the public sector to come together and leverage the advancement in research and development and good agronomy practices coupled with integrated crop solutions."

Syngenta has set up technical evaluation farms for both seeds and chemical products in Bogra and is looking for opportunities to explore further advancement in the near future.

"We are very committed to expanding our presence in the country and we think that with our new technology and products, we can make a very real difference to the size and quality of our business."

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China's new stock regulator faces old problems

Liu Shiyu

AFP, *Shanghai*

A new stock market regulator chief could give China's beleaguered shares a short-term lift, but analysts say Liu Shiyu faces the same old problems as his ousted predecessor: shattered market confidence and the need for sweeping reforms.

Xiao Gang was dismissed as chairman of the China Securities Regulatory Commission (CSRC), state media reported Saturday, after a three-year tenure that saw a debt-fuelled stock bubble burst and the botched implementation of a market "circuit breaker" last month.

Last year's market rout sent the Shanghai index down more than 40 percent from its mid-June peak, wiped out trillions of dollars in capitalisation and sparked a costly and widely criticised government bail-out.

The newcomer, Liu, most recently led the Agricultural Bank of China -- one of China's "Big Four" lenders -- and was previously a vice governor of the central bank.

His most pressing job is to rebuild faith in stocks, which by Friday had fallen nearly 20 percent this year, after stalling economic growth and depreciation in the yuan currency scared off investors.

"The biggest challenge for him now is to restore investors' confidence," Phillip Securities analyst Chen Xingyu told AFP.

"But the replacement of the chairman will not essentially change the problems and challenges the market faces now. It is unrealistic to count on a new person to fix all of these things or improve them immediately."

The government intervention in the stock market during last year's crash, deploying a "national team" to buy on its behalf, raised questions over Communist authorities' commitment to making China a more market-oriented economy.

Analysts say China's modern stock market, set up only 25 years ago, also faces deep-seated underlying issues: "mom and pop" investors set on speculative gains dominate trading and China's brokerage industry has been mired in scandal over illegal dealings.

"There are high hopes he (Xiao's successor Liu) will not only energise China's stock market, but also boost the confidence of international investors given the impact China's market now has on overseas markets," Yingda Securities chief economist Li Daxiao told AFP.

But he added: "It's hard to say whether or not he will be able to accelerate progress on market reforms right now."

Changes to China's initial public offering (IPO) system are pressing, with regulators currently hand-picking the companies to list -- and setting their flotation prices -- instead of the market.

"Liu needs to implement an IPO registration system, perfect the securities law to crack down on market manipulation and improve company disclosure," said Hong Hao, chief strategist at securities and asset management firm BOCOM International Holdings in Hong Kong.

"None of these tasks are easy," he told AFP.

Calls for Xiao's head had been growing since last year, although some analysts credit him with improving the regulatory environment during his tenure.

Just days ago, Chinese Premier Li Keqiang defended the rescue package but offered veiled criticism of then CSRC chief Xiao, referring to "internal management problems" with the intervention.

HSBC results disappoint amid 'seismic' economic shifts

AFP, *Hong Kong*

GLOBAL banking giant HSBC on Monday reported a shock pre-tax loss in the last quarter of 2015 with results for the year missing analysts' expectations, as it grapples with "seismic shifts" in the world economy.

HSBC last year announced a radical overhaul of its business to cut costs that included shedding 50,000 jobs worldwide, exiting unprofitable businesses and focusing more on Asia.

Like many global banks, HSBC is combating turmoil in global financial markets that has seen stocks and commodities plunge, while stricter regulations have driven up costs.

Last week Europe's largest bank said it would keep its headquarters in London, despite concerns about growing regulation in Britain and an upcoming vote on whether it could leave the European Union.

Net profit for 2015 dropped 1.2 percent to $13.52 billion from the previous year, HSBC said in a filing Monday, while pre-tax profit of $18.9 billion missed analysts' forecast of $21.8 billion.

Group chairman Douglas Flint described the performance as "broadly satisfactory" in a statement.

But shares slumped after the news, falling 2.19 percent by the close in Hong Kong.

Analysts were troubled that the bank swung to a $858 million pre-tax loss in the last quarter, compared to a $1.95 billion profit forecast from a Bloomberg News survey.

"We didn't expect they would report a (quarterly) loss," said financial analyst Jackson Wong of Simsen Securities.

In a press conference Monday, CEO Stuart Gulliver pointed to high loan impairment charges in the fourth quarter -- up 32 percent to $1.64 billion compared with the same quarter in 2014.

The bad-loan charges were partly driven up by the oil and gas sector, the company said.

In a new blow, HSBC also revealed it is one of the banks being investigated by the US Securities and Exchange Commission in relation to its hiring practices in Asia-Pacific.

The investigation is looking at hiring practices of candidates "referred by or related to government officials or employees of state-owned enterprises in Asia-Pacific" the report said.

HSBC said it was cooperating with the investigation.

It comes as the bank tries to move beyond recent scandals, including the rigging of foreign exchange markets.

Gulliver said in a statement that cost-cutting measures meant HSBC was now a "leaner business".

A worker walks past a HSBC branch in Hong Kong.

AFP

But he admitted plans to sell HSBC's Turkey business, announced as part of the cuts, had been put on hold after the bank failed to find any buyers.

"We have received a number of offers for our business in Turkey since June, none of which were deemed to be in the best interests of shareholders," Gulliver said.

"We have therefore decided to retain and restructure our Turkish operations."

Flint said China's slower economic growth would create a "bumpier financial environment" in 2016, but the bank would continue to focus on the world's second-largest economy as it becomes more consumer orientated.

HSBC earlier this month decided to keep its headquarters in London after a 10-month review, but Flint last week told the BBC it could shift 1,000 jobs to Paris if Britain votes to leave the EU in June.

During a results presentation Monday Flint said the bank supported Britain staying within the EU.

"Our own economic research is very clear that Britain is better positioned to be within a reformed Europe," he said in a conference call.

Gulf banks under pressure from low oil prices: Moody's

AFP, *Dubai*

BANKS in the six-nation Gulf Cooperation Council (GCC) are being increasingly challenged by a liquidity squeeze resulting from low oil prices, Moody's Investor Services said on Monday.

A sustained loss in oil revenue is likely to reduce government and government-related deposits in banks and could eventually reduce state support for the banking system, the ratings agency said.

Government willingness and capacity to support GCC banks has played a key role in sustaining their credit growth, asset quality and loss-absorbing buffers, it said.

"The widening gap between low oil prices and high government spending policies could have increasingly negative credit implications for the banks," Moody's said.

The national budgets of GCC states in 2016 indicate a slowdown in economic growth accompanied by large fiscal deficits, it said.

World oil prices have dropped by more than 70 percent since June 2014. Oil income normally contributed 80 to 90 percent to GCC public revenues.

"We anticipate banks will be pressured by a further softening of their operating environment and the potential for reduced willingness or capacity of governments to provide support," Moody's said.

In the past few decades, GCC governments have shown a consistent record of intervention to avoid losses to creditors and depositors through direct capital injections and official guarantees, it said.

"Lower government financial reserves, however, could lead to a shift in policy towards more selective support," the agency said.

So far, the most visible impact of lower oil prices on GCC banks has been a tightening in liquidity due to significantly reduced deposit inflows from government and government-related entities.

The squeeze in liquidity is already pushing banks to compete more aggressively for deposits and tap public markets, thereby increasing funding costs and impacting profitability.

A sharp slowdown in public spending will also negatively impact loan growth and corporate earnings, Moody's said.