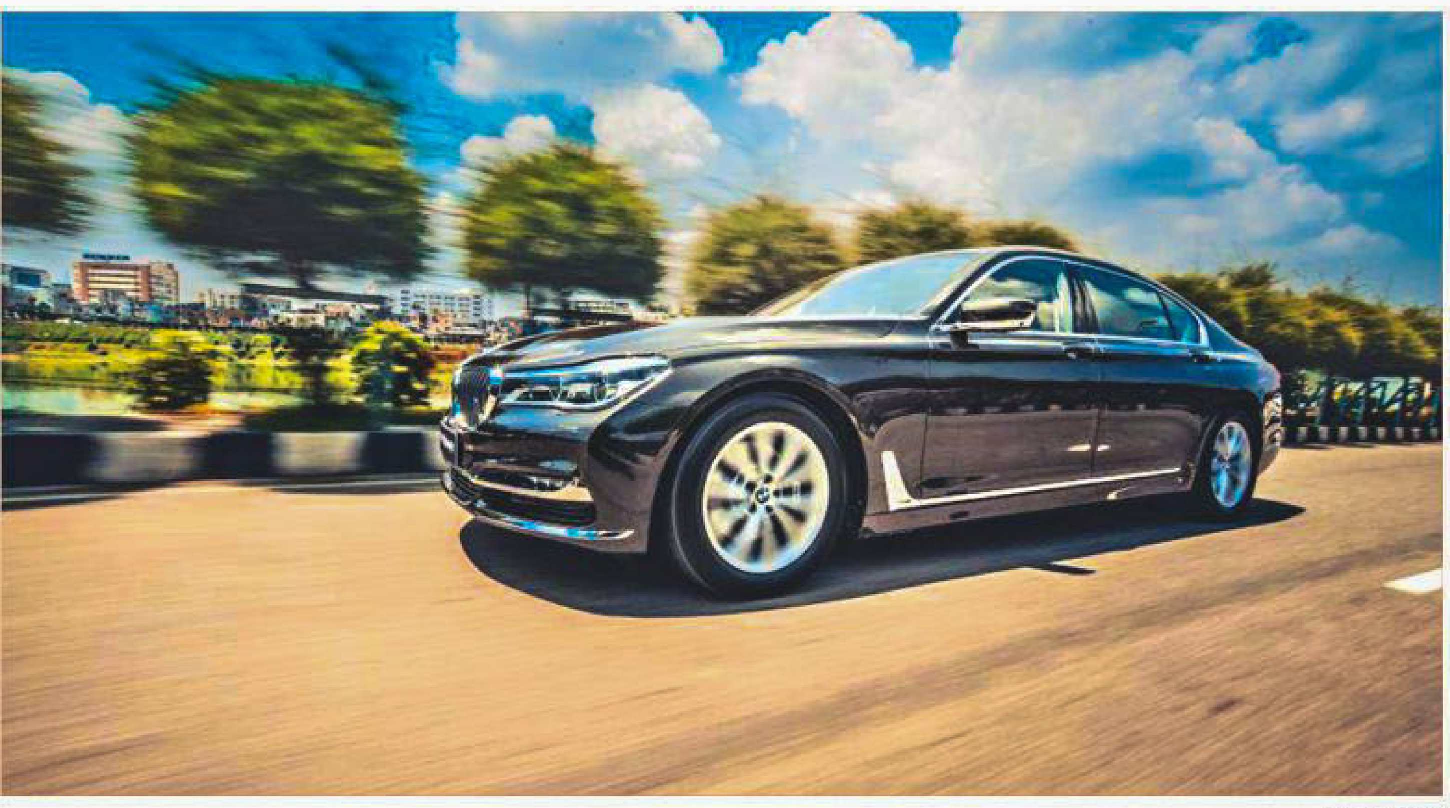
Asian carmakers eye bigger share of Bangladesh market

JAGARAN CHAKMA

BANGLADESH'S growing automobile market, fuelled by consistent economic growth and rising purchasing power, is drawing in automakers from around the globe, especially the Asian ones who seek to dominate the passenger car segment.

Around 63 automobiles, including sport utility vehicles (SUVs), are now sold every day in Bangladesh while it was 29 in 2012 when the market started thriving, as per the Bangladesh Reconditioned Vehicles Importers and Dealers Association (Barvida).



STAR/FILE

Around 63 passenger cars, including sport utility vehicles (SUVs), are now sold every day in Bangladesh.

According to Bangladesh Road Transport Authority (BRTA), around 9,224 vehicles were sold in 2012 whereas it was 18,227 units in 2018, meaning there has been 98 percent growth in the past six years.

In 2017, car sales amounted to around Tk 5,000 crore and the industry achieved 8 percent growth a year on an average since 2012, according to industry insiders.

The figures seem tempting enough to awaken Subaru Bangladesh into launching four models of the Japanese brand -- Forester, BRZ, Impreza, XV -- today after a five-year gap.

Another indication of automakers' attention being focused on the country is four concurrent three-day automobile-centric shows being opened by CEMS Global at the International Convention City Bashundhara from today.

The Subaru models are being launched in one of the four events, Dhaka Motor Show 2019.

"I am optimistic about achieving the expected target very soon as Subaru has a brand image in Bangladesh," said Reyad Hussain, managing director of Subaru Bangladesh.

He said REL Motors Limited started importing brand new Subaru vehicles as the government changed the import duty slab. The company postponed the imports in 2014 due to the imposition of high import duty.

Hussain said customers would get brand new mid-level SUVs in the range of Tk 36 lakh to Tk 65 lakh.

In an attempt to be the early bird, Indian automakers recently organised another auto show to increase its share of the cake.

Moreover, the Society of Indian Automobile Manufacturers (SIAM) says it was trying to motivate the Bangladesh government into formulating an automobile manufacturing policy and bring changes to an existing automobile import policy.

Sugata Sen, deputy director general of SIAM, told The Daily Star that the Indian automakers were not competing with Japanese brands in Bangladesh, rather they wanted to provide high quality, brand new cars at cheap rates.

"We want to make customers understand that Indian automakers are keen to help Bangladesh develop the industry locally for ensuring the best value for money," he added.

Acknowledging the present trend in economic growth, Sen said there was huge market potential for Indian brands as they introduced vehicles with sophisticated technologies and Bangladeshi customers would gradually realise the benefits.

On the other hand, Korean automobile manufacturers Hyundai, Kia and SsangYong Motor are also looking to increase their market share in Bangladesh after sales of their cars rose 20 percent on an average in the last four years, said industry insiders.

The share of Korean automakers in the Bangladesh market reached 6 percent in 2017 and it continued to grow in 2018, showed an analysis of data from the BRTA and local agents.

Data from local agents of Korean car retailers showed that around 1,700 of their cars had been sold in Bangladesh in 2018, up from 1,350 in 2017.

Farzana Khan, deputy director for sales of Hyundai Motors Bangladesh Ltd, said Hyundai was very keen on increasing its market share in Bangladesh.

She said Hyundai's car sales rose 20 percent on an average annually in the last three years and it acquired 5 percent share of the market.

The automaker has introduced nine models of cars in Bangladesh. Of them, two are SUVs, three sedans, two hatchbacks and two microbuses.

Besides, the Proton brand of Malaysia hit the Bangladesh market last year. PHP Group assembles the brand's vehicles at its Chittagong plant. It has so far brought together three models, Preve, Saga and Exora, by importing the parts from Malaysia.

High-end cars are neither lagging behind. Their sales grew about 17 percent annually in the last three years thanks to Bangladesh's growing affluent class.

Now, vehicles of luxury brands such as BMW, Audi, Mercedes-Benz, Lexus, Jaguar and Porsche as well as high-end models of Toyota, Nissan and Mitsubishi are a common sight on the Dhaka roads.

Some 5,555 luxury cars were sold in 2018 while it was 4,425 in 2017. The number was not more than 300 before 2014, according to the BRTA.

China may invest $50b in 15yrs

Commerce Minister Tipu Munshi says

STAR BUSINESS DESK

COMMERCE Minister Tipu Munshi said China is expected to invest more than $50 billion in the next 10 to 15 years in Bangladesh.

The investment will come in Bangladesh's thrust sectors, such as energy and power, transport and communications, said Munshi.

His remark came at an event on growing Bangladesh-China business ties organised by the HSBC in Dhaka on Monday.

Businesses and institutions of Bangladesh and China and economic, government, industry and financial services experts shared insights about the business potential between the two countries, the bank said in a statement yesterday.

HSBC

Commerce Minister Tipu Munshi and HSBC Bangladesh CEO Francois de Maricourt attend an event on Bangladesh-China business ties organised by the bank in Dhaka recently.

"China has been a trusted partner of Bangladesh for a long time. Under the leadership of the honorable prime minister, Bangladesh has now boarded into the highway of development and China has been a key partner in this journey," added Munshi.

He thanked the HSBC for facilitating Chinese entrepreneurs and enhancing trade relations between China and Bangladesh.

Li Guangjun, Chinese economic and commercial counsellor in Bangladesh, said, "I am confident that the bilateral economic cooperation between Bangladesh and China will be explored in a more extensive way in the future."

Ahmad Kaikaus, senior secretary to power division, said, "Bangladesh is going to be a "Bright Delta" for the global economy.

"Indeed, HSBC economists predict that by 2030, Bangladesh will be the 26th largest economy globally."

He said Bangladesh needs more than $180 billion in investments, around $9 billion a year, to achieve the targeted 82GW of power by 2041.

Tim Evans, HSBC regional head of commercial banking for international countries in Asia-Pacific, said, "The HSBC's extensive global network offers unparalleled access to high-growth markets like Bangladesh."

"By leveraging our international footprint, we connect businesses to a network covering more than 90 percent of global GDP, trade and capital flows," he said.

"Bangladesh and China are rapidly growing economies with rising two-way trade ties. We expect their commercial links to increase even further as China's connectivity with the rest of the world grows," said Francois de Maricourt, chief executive officer for HSBC Bangladesh.

HSBC is well positioned to help clients increase their trade and investment activity from closer economic ties between the two countries, Maricourt added.

Md Mahbub ur Rahman, HSBC Bangladesh's deputy CEO and country head of wholesale banking, reinforced the strength and depth of the HSBC's capabilities in Bangladesh and highlighted how the HSBC supports businesses on both ends of the China-Bangladesh corridor.

US solar installations to rebound in 2019

REUTERS/FILE

A man views solar panels on a roof at Google headquarters in Mountain View, California.

REUTERS

NEW US solar installations will grow by 14 percent this year thanks to lower equipment prices that helped to revive a slew of delayed projects, consultancy Wood Mackenzie said in its latest outlook released on Wednesday.

The forecast for some 12.1 gigawatts (GW) of solar panels in 2019 would mark a rebound from 2018 when installations dipped 2 percent to 10.6 GW due to President Donald Trump's decision to impose 30 percent tariffs on imported panels.

In its previous quarterly report on solar released late last year, Wood Mackenzie had forecast just 11.5 GW of solar installations for 2019. A GW of solar is roughly enough to power 700,000 homes.

Despite the Trump administration's tariffs, US solar module prices have fallen due to improved technology and unforeseen oversupply in major solar developer China, which cut incentives for installations there.

Utility-scale developers in the United States, meanwhile, are seeking to capture tax credits for installations that will begin to step down gradually next year.

The report raised its utility-scale solar market forecast for 2019 by more than 8 percent to 7.8 GW from 7.2 GW, and also boosted its outlook for 2020 and 2021.

Utility-scale projects, which make up more than half the market, were down 3 percent at 6.2 GW in 2018.

Longer-term, the research firm raised its five-year forecast for the overall market by 4 percent to 71 GW from 68.2 GW since its last report. Utilities are including more solar in their long-term plans and corporate customers are increasingly driving procurement, the report said.

Residential installations of solar panels will grow 4 percent to 2.5 GW, after growing in 2018 by 7 percent to 2.4 GW, the report said. States showing the strongest growth last year included California, Florida and Nevada.

The non-residential sector, which includes installations for businesses, will fall 13 percent to 1.8 GW in 2019, the report said. Installations in that sector fell 8 percent in 2018 to 2.1 GW in part due to delays in opening an incentive program in Massachusetts, the report said.

Prices for US solar modules fell to 36 cents per module last quarter from 48 cents a year earlier, according to the report.

Norway wealth fund's watchdog turns spotlight on India shipbreaking

REUTERS, *Oslo*

THE ethics watchdog for Norway's $1-trillion wealth fund will focus this year on shipbreaking on India's beaches, which endangers workers and pollutes the sea and sand, and will also look into pollution caused by pharmaceutical companies.The world's largest sovereign wealth fund, created from the proceeds of Norway's oil industry, operates under ethical guidelines set by parliament.

The fund's Council of Ethics checks that companies the fund invests in meet these ethical standards. It set out its latest priorities in its annual report published on Wednesday.

Johan H. Andresen, chair of the Council on Ethics, said the watchdog would turn its attention to shipbreaking in India.

More than 80 percent of ageing commercial ships are broken up on the beaches of Bangladesh, Pakistan and India.

Norway's fund already excluded four firms in 2018 because they scrap ships on beaches in Bangladesh and Pakistan.

"First you establish a practice and then you open up to new countries, because we don't have the capacity to look everywhere at the same time," Andresen told Reuters ahead of the publication the annual report.

"We look at whether there is a systemic, or gross, violation of human rights or damage to the environment."

The fund owns shares in 9,158 companies, 1.4 percent of the world's listed equity, so decisions to drop or reinstate companies from its investments carry considerable weight

REUTERS/FILE

Workers dismantle a decommissioned ship at the Alang shipyard in Gujarat.

among investors.

It is forbidden by law from investing in companies that produce nuclear weapons or landmines, or are involved in human rights violations, among other criteria.

Some 71 companies are presently excluded on recommendations by the Council on Ethics, on various grounds. Another 69 companies are excluded directly by the central bank based on their dependence on thermal coal.

The fund makes recommendations, either to exclude a company from the fund or to put it on a watch list, to the board of the Norwegian central bank, which then makes the final call. The board often, but not always, follows the recommendations.

The fund gradually sells shares in any company it wishes to drop, before any announcement is made. The main aim is to remove the ethical risk.

This year the Council on Ethics will also look for the first time into the pollution, particularly from antibiotic production, caused by pharmaceutical companies.

"In 2019, the council will contact the companies and may commission its own study of the problem," the annual report said. Another new focus will be economic activity that could endanger UNESCO World Heritage Sites.

Andresen's advice on this issue was clear.

StanChart suffers Asia private banker exits, boosts Mideast staff

REUTERS, *Hong Kong*

STANDARD Chartered PLC has seen the departure of at least four senior Asia-based bankers from its private banking unit in recent months, three people with direct knowledge of the matter said, amid growing earnings pressure at the business.

The unit is, however, adding 15 private bankers in London in the March quarter for serving clients in the Middle East, two separate people with knowledge of the matter said.

StanChart's private banking business caters to wealthy individuals across Asia, Africa, the Middle East and Europe, through booking centers in Singapore, Hong Kong, Dubai, India, London and Jersey.

The unit, however, has weighed on the group's earnings in the last couple of years, as competition in Asia, which accounts for bulk of its revenue, has intensified and market volatility has impacted the assets it manages.

Among those who left the London-headquartered bank in the past six months include Teddy Kwong, managing director and market head for Hong Kong, and Peter Lam, managing director and team leader for Hong Kong, said the people.

Both Hong Kong-based Kwong and Lam joined StanChart in the first half of 2017 from the regional private banking unit of HSBC Holdings PLC. It was not immediately clear where the two are headed.

Ray Li, StanChart private banking managing director and head of relationship management, has also left after having worked at the bank for more than a decade, said the people and according to his LinkedIn profile.

The Asia, Africa and Middle East-focused bank has also lost India private banking head Sandeep Das, who joined Barclays PLC last month as India head of its business that caters to ultra high networth clients, as per a Barclays announcement.

A StanChart spokeswoman in Singapore declined to comment, but said that the bank continued to invest in and hire for its private banking business in 2019.