

# Demand for dairy products to grow double digits

Arla Foods' senior executive says

SOHEL PARVEZ

BAKGLADESH has huge growth potential in dairy and the demand for dairy products is likely to grow double-digit, buoyed by rising income and expanding middle class, said a senior executive of an international dairy company owned by farmers.

Tim Ørting Jørgensen, executive vice-president and head of Arla Foods International, said: "When you create stronger wealth and middle-class economy, you just increase your dairy consumption. Then you move from powders to liquid to yogurts to cheese to whatever."

"I think there is a good opportunity that consumption of milk and dairy products will increase and innovations will come."

The senior official of Arla shared the view during an interview at his office in Copenhagen last month.

Arla Foods is an international dairy company owned by 9,900 farmers from Denmark, Sweden, the UK, Germany, Belgium, Luxembourg and the Netherlands. It has been in Bangladesh since 1961 and its Dano milk powder brand is the best known in the country.

The company caters mainly to the powdered milk segment in Bangladesh, where Tk 2,812 crore was spent to import milk and dairy products in fiscal year 2018-19, up 19 percent year-on-year.

Jørgensen said Arla has created opportunities for consumers to explore products it is offering here. It has also invested in a joint venture to set up a factory

in Bangladesh.

The multinational dairy cooperative has taken an initiative to create opportunities for 5,000 women to become micro-entrepreneurs over the next four years.

The entrepreneurs will sell Arla's milk products among the low and lower-middle income population.

The micro-women entrepreneurs will sell Arla's milk products in sachets by going from doors to doors.

"It is also a business for us because they will sell our products," Jørgensen said.

The company also has the capability to raise the business to industrial scale.

"At the industry level, we try to establish partnerships on how we can increase the effectiveness, yield and quality of local milk production because we think that is important."

Arla has rolled out dairy sector development initiatives in other countries, including Nigeria.

"We know whenever we go to an emerging market, we need to make sure that our activities contribute to the development of the local industry and not just selling our products."

"I think it is a good business because by increasing local production of milk, we are also raising awareness about milk and the entire opportunity for milk and dairy."

In Bangladesh, Arla and state-backed milk cooperative MilkVita signed a memorandum of understanding in October last year to collaborate and share knowledge for development of a sustainable dairy sector.

The agreement aims to improve the quality of dairy products to European standards



Tim Ørting Jørgensen

throughout the value chain, from raw milk to end consumer by exchanging knowledge and best practices from the Danish dairy sector.

The deal focuses on improving milk yield and quality, farm management practices and farm technology as well as increasing efficiency throughout the value chain.

The primary agreement was inked based on a deal signed by Bangladesh and Denmark in order

to promote cooperation in the dairy through establishment of a cooperation platform.

Jørgensen said understandings with MilkVita and others have been made to see how Arla, with its technology, can assist local dairy producers in increasing and improving the quality of milk and ensure efficient production so that it becomes more competitive going forward.

"We would actually like to scale it up and move it forward because we think that is important to create stronger awareness."

When asked whether Arla has any plan to buy and process milk produced in Bangladesh, Jørgensen said there is no doubt about it but it will take some time.

"If we work well, milk production increases and quality is there, then that is definitely one of the options that we would have."

"It has to live up to the qualities that we have. It has to live up to products and the sales but that should definitely be an ambition in the long-term," said Jørgensen.

Over the next decade, there will have to be opportunities where local milk can also play a role, he said.

He said Arla has initiated a project in Nigeria with the support of the Danish International Development Agency to encourage dairy farming and development.

Under the project, cows have started producing quality milk.

"We will collect the milk. We have set up a dairy line. We will start selling these products in the markets. That should be more or less the same vision that we should have for Bangladesh," he said.

He, however, said Arla also needs to be sure that Bangladeshi companies, dairy industry and the government are ready to embark on this partnership.

"This is because we can't fix it ourselves. We need strong partner. We need government help. We need local industry and we need all other things," he said, adding that these things are needed to start the process.

## T-Mobile launches 5G service across US



REUTERS/FILE

Pedestrians walk past a T-Mobile store in New York.

AEP, Washington

T-MOBILE said Monday it became the first to launch 5G wireless service across the United States, although it will be slower than some expect for the new generation of connectivity.

The number three US carrier said its 5G network covers 200 million people and "goes through walls," outperforming the limited 5G deployment of larger rivals Verizon and AT&T earlier this year.

"Today's launch immediately catapults T-Mobile into the leadership position as the country's biggest 5G network," the company said in a statement.

It added that it will improve and expand its 5G network if it completes a planned merger with rival Sprint, a deal approved by US regulators but facing a court challenge by several US states.

The T-Mobile system operates on a low band that offers speeds faster than current 4G networks but below the maximum promised for 5G but the company called it "real, standards-based 5G." "We built 5G that works for more people in more places, and this is just the start," said Neville Ray, the company's president of technology.

"With the New T-Mobile, we'll see 5G speeds follow the same path as LTE, increasing exponentially over time. Plus, real broad and deep 5G will unleash whole new categories of innovation that will touch almost every area of the economy. The 5G future is bright, and it starts today." T-Mobile will be selling 5G handsets that can operate on the network including the OnePlus 7T Pro 5G McLaren and the Samsung Galaxy Note10+ 5G.

The rollout of 5G is proceeding in several countries with a promise of spurring innovation in a variety of sectors.

The ultrafast connections could help in fields such as telemedicine, self-driving cars, and a variety of industrial applications, for example.

US authorities have banned the use of equipment from Chinese-based Huawei, the leading infrastructure maker, on concerns that its network could pose national security risks, a charge the company denies.

## China to target quarter of vehicle sales to be electric by 2025

AFP, Beijing

CHINA should adopt a plan that will see electric vehicles make up a quarter of all autos sold in the country in six years' time, the industry ministry said Tuesday, as the sector struggles with falling sales.

A draft blueprint for the development of the "new energy vehicle" sector -- which includes hybrids and fully-electric vehicles -- comes after the government withdrew subsidies for carmakers earlier this year.

China is the world's largest new energy vehicle market, but sales of electric motors plummeted 34 percent on-year in September, according to the China Association of Automobile Manufacturers (CAAM).

The Ministry of Industry and Information Technology's draft proposal said China should seek to ensure one in four of all vehicles sold in 2025 were either hybrids or fully-electric vehicles.

The measures are partly to ensure the country meets its air pollution targets, and to reduce Beijing's dependence on imported oil.

China would also continue to develop electric vehicle battery technologies, improve infrastructure for hydrogen fuel cell vehicles and driverless cars, it said.

The draft proposal, which includes guidelines for the development of the new energy vehicle sector from 2021 to 2035, is open for public feedback until December 9.

A previous state target set in 2017 had called for 20 percent of cars sold to be electric vehicles by 2020, but the draft released Tuesday gave no indication whether China was on track to meet that goal.

Fueled by rising incomes and government sales incentives, China is the golden goose upon which the global automotive industry has staked its future.

But after years of strong growth, car sales fell last year for the first time since the 1990s, hit by a slowing economy, US trade tensions and a Chinese crackdown on shady credit practices that has cramped car-financing channels.

Passenger vehicles sales in China have now fallen for 15 consecutive months, according to the CAAM.



REUTERS/FILE

A staff member hooks up a charging cable to an electric vehicle at a charging station in Liuzhou, China.

## India seen making sixth interest rate cut, but no cure for economy's ills

REUTERS, Mumbai

FIVE interest rate cuts since the start of the year hasn't stopped India's economy from slowing to its weakest growth rate since 2013, but the Reserve Bank of India (RBI) is expected to make its sixth cut on Thursday to give what little relief it can.

Growing by 4.5 percent annually in the June-September quarter, down from 7 percent a year earlier, the economy is expanding well below the rate needed to generate enough jobs for the millions of young Indians entering the labour market each month.

The gross domestic product numbers released on Friday showed government spending helping to prop up weak demand, but private investment growth had virtually collapsed, with a crisis in the shadow banking sector causing illiquidity in the economy.

Re-elected for a second five-year term in May, Prime Minister Narendra Modi's government needs all the help it can get turning the wheel on an economy, whose loss of momentum is becoming acute.

A Reuters poll of 70 economists predicted the RBI would cut its repo rate by 25 basis points (bps) to 4.90 percent when the monetary policy committee's decision is announced on Thursday, and then by another 15 bps in the second quarter of 2020, where it will stay at least until 2021.

A 25 bps cut would take the cumulative rate cuts by Asia's most aggressive central bank to 160 bps since February and will be the most in a

calendar year since 2009.

Madhavi Arora, economist forex and rates at Edelweiss Securities, said the RBI faced "a tough policy dilemma", as economic growth was underperforming, inflation was overshooting, and the government lacked fiscal room to manoeuvre.

She said the latest GDP numbers supported the view in Edelweiss that the RBI will ease "by at least another 50 bps in this cycle, despite an uptick in inflation beyond the 4 percent comfort zone in the coming months."

Annual retail inflation rose to 4.62

percent last month, climbing above 4 percent for the first time in 15 months and up from 3.99 percent in September.

Analysts believe transient factors were to blame, so the central bank still had room to continue cutting rates.

The September industrial output too contracted 4.3 percent, following a decline of 1.4 percent in August.

At its policy review in October, the RBI sharply lowered its growth projection for 2019/20 (April-March) by 80 bps to 6.1 percent, but most economists expect another downward revision on Thursday.



REUTERS/FILE

A policeman stands guard at the entrance of the Reserve Bank of India headquarters in Mumbai.

## US manufacturing slides for fourth straight month

AFP, Washington

PAIN in America's manufacturing sector deepened in November as activity contracted for the fourth straight month, according to an industry survey released Monday.

Amid a slowing global economy and trade wars, weak demand again ate into production of metals, wood products, plastics, appliances, oil, furniture and textiles, according to the Institute for Supply Management's monthly report.

Inventories and prices fell for the sixth month in a row while backlogs were the lowest in nearly four years.

ISM's index edged down two tenths of a point to 48.1 percent, falling below economists' expectations and marking contraction at a faster rate than in October. Any reading below 50 indicates contraction.

The numbers hit Wall Street, with the Dow Jones Industrial Average down more than 200 points shortly after 1600 GMT.

"Demand's the big story here," Timothy Fiore, chairman of ISM's manufacturing survey, told reporters.

"Without demand coming back, in part supported by new export orders, this is where we're going to be." Any ripple effects from October's nationwide strike at General Motors plants had largely subsided, he added.

New orders and export orders fell, along with employment. Survey respondents continued to complain of tariffs, trade uncertainty and weak orders, which could drag down business investment, a key part of the economy.