

Tesla's bad week in China was months in the making

REUTERS

Tesla Inc has had a terrible week in China, but sentiment against the US electric car company in its second-biggest market had been building as it struggled to keep pace with rapid growth.

The pile-on by media and scolding by regulators show how precarious China can be for big foreign brands, and how a company's handling of an incident can turn into a crisis if the country's tightly-controlled news outlets turn against it.

Tesla's defiance of industry convention, embodied by founder Elon Musk and a corporate culture that rarely admits mistakes, has won fans in the United States, but has backfired in China.

Musk had such cachet that China's government allowed Tesla to be the first foreign carmaker not forced to team up with a partner to make cars locally. Now, Tesla is learning lessons its longer-established rivals got years ago.

Tesla's troubles in China also underscore a problem Musk and senior Tesla executives have acknowledged, though mainly in relation to the company's North American business. Tesla's rapid sales growth has outrun its capacity to repair vehicles when hardware goes bad.

"Service expansion is really important to the future strategy of the company," Tesla Chief Financial Officer Zach Kirkhorn told investors in January.

When a Tesla customer, angry over



Staff members stand at the Tesla booth during a media day for the Auto Shanghai show in Shanghai, China on April 19.

the handling of her complaint about malfunctioning brakes, climbed on top of a Tesla in protest on Monday at the Shanghai auto show, videos of the incident went viral.

The incident escalated after Grace Tao, Tesla's vice president for external relations - a former anchor at state broadcaster CCTV

- questioned whether the angry customer, surnamed Zhang, was acting on her own.

In an interview with a local news outlet, Tao said, "maybe she... I don't know, I think she is quite professional, there should be (someone) behind her."

"We have no means to compromise, it's just a process in the development of a new

product," she added.

Tesla scrambled into damage-control mode, asking the online news outlet to withdraw the report, the outlet said on Tuesday on WeChat.

Tesla issued a series of increasingly contrite late-night statements, from Monday's "no compromise" to Tuesday's "apology and self-inspection." By Wednesday night, Tesla said it was "working with regulators for investigation."

The official Xinhua news agency said Tesla's apology was "insincere" and called for removal of a "problematic senior executive," while the Global Times cited Tao's comments in calling Tesla's "blunder" a lesson for foreign firms in China.

Tao, who joined Tesla in 2014, could not be reached for comment. Tesla did not reply to a request for further comment.

"There have been consistent complaints on social media with Tesla in China regarding its quality and service issues, which seem to have been largely ignored by the local team until Tuesday," said Tu Le, analyst at research firm Sino Auto Insights.

"It's a delicate dance, though, since Tesla helps highlight the entire EV sector helping ALL companies grow their sales and raise their profiles," he said.

Tesla cars, made at its own Shanghai factory, are highly popular in China, which is by far the world's biggest EV market and accounts for 30 per cent of Tesla's sales.

Investors have not shown worry. Tesla shares rose this week.

Airlines look past slow recovery to post-pandemic travel

REUTERS, Paris

Even as new setbacks cloud their path to recovery, airline bosses are focusing on the lasting impact of Covid-19 on premium travel, technology and other pillars of their business.

Aviation leaders, forced to gather virtually by the pandemic, have been gauging its longer-term fallout at the World Aviation Festival, after more than a year of lockdowns.

Drawing many top executives and thousands of participants, this week's event comes as doubts over the northern summer vacation season renew scrutiny of airlines' cash and their ability to withstand another washout.

The addition of France, Britain and 114 other states to the U.S. "Do Not Travel" list has also cast a pall.

"There will be a lot of carriers that will not make it through," Air France-KLM Chief Executive Ben Smith said, citing nameless rivals that were "not viable prior to the crisis".

For survivors like state-backed Air France-KLM, market consolidation would be welcome, Smith said, adding: "Even if it takes longer than planned for traffic to return, with a reduction in capacity that's a good balance for us".

Air France-KLM expects to need more capital following a 10.4 billion euro (\$12.5 billion) bailout in 2020 and 1 billion-euro share issue this week. Long-haul juggernaut Emirates may also need to raise more cash within months, the Gulf carrier's President Tim Clark said during the event.

Despite the deep uncertainties, executives are looking beyond the pandemic to anticipate underlying shifts.

High on the list is a structural slump in business travel as many future meetings - if not airline conferences - stay online.

"A large percentage of this traffic will not come back on long-haul," aviation consultant John Strickland predicted, as companies curb travel costs and carbon emissions.

Farm loan interest cut to 8pc

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In June 2017, the central bank lowered the interest rate to 9 per cent from the previous 10 per cent.

Rahman said three sectors -- agriculture, remittance and exports -- had played a key role in the economy's turnaround from the precarious situation created by Covid-19.

The agro-processing industrial sector has expanded to a large extent in recent years based on the good performance of the farm sector. The rural economy has also diversified in recent years riding on the farm sector, he said.

"So, the latest rate cut by the Bangladesh Bank will also help the industrial sector as well," Rahman said.

Between July and February of the current fiscal year, banks disbursed farm loans amounting to Tk 16,181 crore, up 7.21 per cent year-on-year, showed data from the central bank.

Loan repayments increased 13 per cent year-on-year to Tk 17,492 crore in the first seven months of the fiscal year.

This means farmers have been paying the instalments of their credit consistently despite the pandemic.

The rural economy has bounced back

strongly based on the excellent performance of the farm sector, said a survey report of the Power and Participation Research Centre (PPRC) and the Brac Institute of Governance and Development.

The fallout of the pandemic has hurt the poor in urban areas as their per capita daily income declined to Tk 107 from Tk 124, the survey said.

But the income of rural people increased to Tk 108 from Tk 106.

The survey also found that 27.3 per cent of urban slum-dwellers migrated from the major cities to villages after the pandemic hit the country in March last year. Of them, 9.8 per cent are yet to return, it said.

While unveiling the survey result on April 20, Hossain Zillur Rahman, executive chairman of the PPRC, said agriculture had played a great role in tackling the first wave.

A shift in policy mindset towards strengthening rural regeneration and a holistic approach to supporting agriculture is a key lesson from the Covid crisis, he said.

The rural economy has shown resilience significantly, meaning that the country's rural economy is much stronger than that of the urban areas, he said.

Bus owners in a tight spot

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Throughout the pandemic, the number of passengers was lower compared to regular times, and it was tough to recover the operational cost and earn enough to pay the bank instalment, he said.

The bus service segment incurred a revenue loss of at least Tk 33,000 crore during the pandemic-induced 66-day lockdown last year, Islam said.

"The sector is providing services to the people, so the government should give incentive for the welfare of the people," he said, adding that the passenger bus service segment contributes around 3 per cent to the gross domestic product.

Abdus Sattar, general manager of Green Line Paribahan, said the engine of the buses gets damaged if they do not operate.

He has Tk 70 crore in loans. The central bank has deferred the instalment payment for three months, giving slight relief to the borrowers, he admitted, however.

Green Line has 150 buses that operate in various routes of the country and employs

1,200 people.

Monzur Hossain, research director of the Bangladesh Institute of Development Studies, said there was a possibility that the borrowers might become loan defaulters due to the lockdown as their income has fallen to zero.

Considering the situation, the central bank should extend the loan moratorium period for at least six months, he said.

Md Serazul Islam, a spokesperson of Bangladesh Bank, said the transport industry falls under the service sector, so they could borrow from banks under the stimulus package.

In March last year, the government unveiled a Tk 33,000 crore package for large industries and the service sector. In October, the volume of the package was enhanced by Tk 7,000 crore to Tk 40,000 crore.

All sectors are eligible to avail of the benefit under the stimulus package, the central banker said, adding that nobody would receive funds without meeting the criteria.

WB to help create better jobs

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"The Covid-19 pandemic has had a disproportionate impact on the poor and vulnerable population," said Mercy Tembon.

"This financing supports government policies to protect those most affected by the pandemic and create more and better jobs as Bangladesh continues its journey towards its vision of becoming an upper-middle-income country," she said. The Jobs Development Policy Credit series has helped the government protect five million

jobs, and enabled firms to continue paying their workers' wages. It also supported the migrant workers who have had to return to Bangladesh due to the pandemic.

The programme will also support informal micro-entrepreneurs in recovering by extending micro-finance facilities, said the statement.

"This programme has helped protect the jobs and income of poor and vulnerable people while laying the groundwork for building resiliency to future shocks," said Fatima Yasmin.

National Bank asked to appoint MD by Apr 28

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The tenure of the previous MD, Choudhury Moshtaq Ahmed, ended in the last week of January. Since then, the top executive position has remained vacant.

The bank's board had appointed Additional Managing Director ASM Bulbul as the acting MD.

And although Bulbul's job tenure ended on March 31, he tried to continue holding

office until this month in a breach of regulations. Against this backdrop, the central bank asked the National Bank chairman on April 6 to remove Bulbul from the post. Shah Syed Abdul Bari now serves the bank as acting MD.

The Daily Star could not get a comment on the issue by the time this report was filed despite repeated attempts at contacting senior officials of the bank.

There is no glass ceiling for women, sky is the limit

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She expressed her heartfelt gratitude to Muhammad A (Rume) Ali. "A decision taken by banking stalwart Muhammad A (Rume) Ali has played a major role at the beginning of my run in the corporate sector."

"My husband has encouraged me to enter into the banking sector, but the ladder that I needed to find success in banking was extended to me by Muhammad A (Rume) Ali."

Humaira joined HSBC during its inception and laid a very strong framework for corporate, offshore banking, custodian and institutional banking.

"I worked hard in HSBC for its authorised dealer licence, offshore banking licence and set up the bank's work plan for the next decade."

Humaira left HSBC as its head of financial institutions in 2002 and took up the post of a director and group head of special asset management in the same year in Standard Chartered Bangladesh.

"I helped Standard Chartered in their four most critical years to cover for the shortfall in the country budget through a successful recovery."

"I have been the bank's first female banded staff and the first female member of the management committee."

As a member of the country management committee, Humaira played a strong role in StanChart in developing the country strategy, restructured and broadened role in financial institutions, covering investors and intermediaries and donor organisations.

After joining IPDC of Bangladesh in April 2009 as managing director and CEO, Humaira made significant progress in business and operational growth both in terms of quantity and quality and restored the capital of the institution.

Humaira worked to upgrade different systems and develop various teams in Bank Asia when she joined the bank in 2012 as deputy

managing director and chief risk management officer.

"Around 42 per cent of the bank's profit came from the branches, which were mentored by me."

The first female member of the Shariah Council of Bangladesh, Humaira said the number of women entrepreneurs is increasing day the day, and an increased number of them are getting banking services now.

Banks are now not only extending loans but also working for developing women entrepreneurs, she said.

"Women should come to the banks, and they should reach us. We will definitely help them and hold their hands."

The ongoing Covid-19 epidemic has taken a heavy toll on the Bangladesh economy, she said.

"The pandemic compelled many factories to close their operations. It was not possible to measure the financial loss of the economy. However, the downward movement of the GDP actually reflects the loss."

The government has found some success with the disbursement of stimulus and helping the poor who were affected by the epidemic, she said.

All businesses should ethically come forward for the sake of the country, she said.

Many big industries faced losses, and many orders have been cancelled for the Covid-19 outbreak at a time when the world was suffering from a global economic meltdown, she said.

"For Bangladesh, the SME sector should be kept alive. Steps should be taken for them to recover the Covid losses. If an SME falls for once, it becomes very tough for it to stand again because of their poor capital base."

Banks should extend special help to the SME sector, and the government should also come forward with special incentives for them,

she said.

Humaira has worked for both foreign and local financial institutions in her career.

She thinks local banks should upgrade their work culture and work for winning people's acceptance to be as successful as the foreign ones.

Foreign banks are systemically and digitally very advanced, and the local ones lag far behind the foreign banks in the field of information and technology, she said.

A transparent operational structure works as a motivation for the employees in the foreign banks, Humaira said.

"They have quality people who have been upgraded intellectually through training. They are also awarded and recognised for their advancement."

Because of the global standing and acceptance of the foreign banks, they can accept deposits at a very low cost, which is difficult for local banks.

At the end of the interview, Humaira expressed her gratitude to the chairman, vice chairman and the board of directors of Trust Bank for believing in her and appointing her as the bank's CEO and managing director.

"My husband, Ershadul Haque Khandker, has been my friend, my mentor who was the main reason for me to be in the banking sector."

"Definitely, my mother, family members and mentors were there to guide me, but my husband played the biggest role."

Humaira lost her father, Syed Ali Azam, a late professor of Dhaka University, after her secondary school certificate exam. "After that, our mother Shahana Begum had singlehandedly raised our five siblings."

"I love working a lot. I do everything, starting from gardening to cleaning all the corners of the house to cooking," the cheerful banker said.

LafargeHolcim profit doubles in Q1 on higher sales

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Aggregate is a broad category of coarse particulate material used in construction, including sand, gravel, crushed stone, slag, recycled concrete and geo-synthetic aggregates.

The company set up the crushing unit with ancillary equipment on its existing integrated clinker and cement manufacturing plant in Chhatak, Sunamganj. It can produce 12 lakh tonnes of aggregate per annum.

It invested Tk 40.1 crore for the unit.

According to Surana, the clear-size aggregate is an import substitution and can save substantial foreign exchange for Bangladesh. "This is reassuring that we have started receiving positive response for this product from our customers."

The company recently launched specialised water-proof cement "Holcim Water Protect", the first of its kind in Bangladesh.

LafargeHolcim shares closed 1.05 per cent higher at Tk 57.70 on the Dhaka Stock Exchange yesterday.

Bankers to get commute fares

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Banks will take approvals from their respective boards in this regard, said Bangladesh Bank through a notification.

"It is a very good initiative. We will feel more motivated to serve because of the decision to compensate our extra transport cost," said a banker.

This official says to be counting more than Tk 400 in transport fares every day to commute between his bank branch near Gulshan 2 and residence at Pallabi, Mirpur of Dhaka city. On a normal day, it is a maximum Tk 100.

At present, branches of banks, depending on their location and type of service, are open from 10:00am to 1:00pm to provide services to clients.

Sensible credit card use offers perks

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Loans through purchases made on credit increased 24 per cent year-on-year to Tk 1,509 crore.

Banks offer businesspeople and salaried employees of reliable organisations the enjoyment of credit card facilities, he said.

Even people with a minimum salary of Tk 20,000 can enjoy a credit card from lenders.

Issuer banks fix the credit ceiling based on the monthly income of clients.

Clients normally enjoy a credit ceiling at least two or three times their monthly income.

Availing a credit card requires providing banks information regarding income sources alongside a tax identification number (TIN).

Dhaka Bank has already inked deals with more than 1,000 shops to provide discounts, cashbacks and the EMI facilities to its credit cardholders, said Rahaman.

Clients should follow the payment methods for the card bills to secure all the benefits of plastic money, said Mahiul Islam, head of retail banking at Brac Bank.

Credit cardholders usually get 45 days to pay bills against purchases.

This timeframe centres around loan statements. Each bank generates loan statements on a specific date of a month. Clients are allowed 15 days from the generation of loan statements to pay the bill against purchase of goods and services.

No interest is charged if clients pay the bill within this time.

If clients cannot make the payment within this timeframe, a late repayment fee of Tk 500 to Tk 700 is imposed, after which

a 20 per cent interest is charged on what is overdue.

The interest rate on credit card is higher than that of other loan products offered by lenders.

The operational and monitoring costs for the card are too high compared to other loan products of lenders, increasing the rate of interest to a large extent.

The overdue fund gradually becomes default ones as per the central bank common rules on loan classification.

The credit cardholders can also avail different benefits if they use the product in an efficient manner.

For instance, a platinum credit cardholder gets access to lounges at international airports of different nations.

Such credit cards are normally offered to high-value clients of banks.

The majority of local banks now use three global brands - Visa, Mastercard and American Express -- while issuing credit cards.

Clients can even enjoy cashbacks or discounts while traveling abroad, subject to arrangements provided by their respective brands.

There can be implicit charges on credit card usage, said Hussain Ahmed Enamul Huda, an assistant professor of the finance department at the University of Dhaka.

"So, clients must calculate the EIR (effective interest rate) on credit cards," he said.

Chequebooks are issued against credit cards, so one can write down cheques against cards, he said, adding that no interest is charged up to a certain period of time on cheque-based payments.