Frustrated Canada presses White House to keep Great Lakes oil pipeline open

REUTERS

Canada is pushing on several diplomatic fronts against the US state of Michigan's efforts to close a cross-border oil pipeline, the second such dispute since Joe Biden became US president in January, complicating the governments' efforts to work together to lower carbon emissions.

The conflict over the aging but key pipeline highlights the disruptions caused by a global shift away from fossil fuels. Both governments are working to accelerate the energy transition, but their oil industries are interdependent, so a policy shift in one country can affect energy supply, and the political balance, in the other.

The United States imports more crude from Canada than any other nation, at about 3.7 million barrels per day, or about 80 per centof Canada's crude output.

Ottawa's strategy, according to four sources familiar with the government's thinking, is to repeatedly raise the issue of Enbridge Inc's Line 5 with numerous US counterparts - including Biden - to get them to pressure Michigan's Democratic Governor Gretchen Whitmer to keep the pipeline open.

Last November, Michigan ordered Line 5 to shut by May 13, citing the environmental risk of a possible leak in the four-mile (6-km) stretch of the 540,000-bpd line passing under the Straits of Mackinac in the Great Lakes.

The White House has shown no sign of responding to Canadian entreaties, so Ottawa is considering more drastic options, including a threat to invoke an obscure bilateral treaty to keep Line 5 operating or intervene in the legal dispute currently playing out in US courts.

Line 5, which flows crude oil and refined products from Wisconsin to Sarnia, Ontario, via Michigan, has been in operation for nearly 70 years, but officials in Michigan are increasingly alarmed by its advanced age.

The line has never leaked into the straits but there have been at least eight other spills since 1980, according to US Pipeline and Hazardous Materials Safety Administration data.

The imbroglio over Line 5 comes just three months after Biden angered the Canadian oil and gas industry by cancelling a permit for the long-delayed Keystone XL pipeline project on his first day in office.

Canadian Prime Minister Justin Trudeau's government reluctantly accepted that decision, even though it killed thousands of construction jobs and further soured Ottawa's relationship with the main energy-producing province of Alberta.

Ottawa has resolved to fight publicly to keep Line 5 open, which - unlike Keystone - is already operating and a vital link in Enbridge's export network that ships the vast majority of crude from Canada's western oil patch to the United States.

Canadian government officials are frustrated by how much time they are spending on the matter, the sources said.

Canada has discussed the pipeline's fate in dozens of bilateral meetings, including 23 virtual meetings between lawmakers and US members of Congress, according to a spokesman for Canada's Natural Resources Minister Seamus O'Regan.

"Clearly Line 5 is an important issue for the government of Canada ... at the same time we need to be advancing on a cooperative basis the work we're doing on climate action," Canada Environment Minister Jonathan Wilkinson told Reuters earlier this month.

Wilkinson raised the pipeline on Feb. 24 during a meeting with US climate envoy John Kerry. Trudeau also raised Line 5 with Biden when the two met in February to discuss making global warming a joint priority. The Canadian prime minister attended a US international climate summit hosted by Biden last week.

Neither Kerry nor the White House responded to a request for comment.

Calgary-based Enbridge has refused to shut the pipeline, arguing the governor's order needs to be backed by a judge. The case is being heard in US federal court and the two parties started mediation on April 16.

REUTERS/FILE

A signpost marks the presence of Enbridge's Line 5 pipeline, which Michigan Governor Gretchen Whitmer ordered shutdown in May 2021, in Ontario, Canada.

US auto dealers are winners as chip shortage lifts vehicle profits

REUTERS

Mike Bowsher shakes his head in wonder when he hears yet another customer at one of his Buick-GMC dealerships near Atlanta has agreed to pay full sticker price of more than $71,000 for a top-of-the-line GMC Yukon XL Denali SUV that is still being assembled at a General Motors factory.

Customers know what Bowsher has arriving by scanning the online inventories of his six stores in the region, and they are often willing to wait more than a week and pay full price to get their desired vehicle.

"I'm selling about 150 per cent of what I have on the ground," Bowsher said.

"We are selling stuff so far up in the pipeline that they're putting money down on 'in-process,' which is in the plant."

Automakers from GM to Ford Motor and Toyota have cut production this year due to the global semiconductor chip shortage. While those automakers have been pinched, dealers are experiencing the best of times. Not only can they charge full price for the hottest-selling trucks and SUVs, but many also have reduced promotional spending and other costs required by full vehicle lots.

"I'll take this till I'm six feet under," Bowsher said.

"Customers are coming in just saying, 'I'll take it, full sticker, get it ready.' It's nuts." This means record profits for car dealers.

AutoNation Inc Executive Vice President Marc Cannon called it "Camelot," comparing it to the legendary castle and court of King Arthur. He wondered whether this could turn into the new operating model in an industry where consumers in the past were conditioned to seek incentives and rebates that reduced vehicle prices by 10 per cent or more.

Profits at AutoNation Inc, the largest US dealer chain, almost tripled last week as gross profit per new vehicle soared 61 per cent to more than $2,700 in the first quarter. Rival Lithia Motors saw its profit per new vehicle jump 33 per cent to $2,910 as its quarterly results trounced expectations.

The good times won't likely end soon as many industry officials see the chip shortage lasting into 2022. Many dealers report thin vehicle supplies, in some cases as low as 15 days' worth.

At his company's Toyota store in Maine, Todd Skelton, chief executive of Prime Automotive Group, had 62 cars in mid-April, down from the typical 300 vehicles.

"We're now beginning to see not only the depletion of what we had in stock, but nothing following behind it," said Skelton, whose company has 32 stores in New York, New Jersey and New England across multiple brands.

Handset sales down 40pc since Jan

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He was not optimistic about the business in the coming months.

"Another challenge the local brands are facing is a shortage of components of mobile phones. Starting from China, the price of the components has gone up everywhere in the world. The overall supply chain disruption has increased the price of components," he said.

Local brands have been more affected, but international bands not so much. However, there are supply limitations for every brand, he added.

"Before Covid-19, we had no problems with the supply chain. We had to stock up materials before the pandemic because of the Chinese New Year holidays. And this year, we have been facing a component shortage since March," he said.

A salesman in Mobile Network, a cell phone store in Bashundhara City Shopping Mall, said the market was sluggish from January, and since March, there was almost no customer coming into the store.

"We have already opened the store, but the presence of customers is very thin," he said on Sunday. However, local brand Walton is flying high thanks to its strong presence in the feature phone and cheap smartphone segments.

In the first three months of 2021, Walton sold 1.8 lakh units of smartphones and 11 lakh feature phones worth Tk 200 crore, according to Asifur Rahman, head of sales of Walton Mobile.

"The business in Bangladesh is not good like in other countries of the world due to the pandemic. Despite the new surge of the virus in the country, the sales of Walton-branded mobile are quite well this year," he said.

He said a significant number of mobiles were being exported to the European market in the current second quarter. "We are launching several new models of smartphones on the occasion of Eid. I hope this year will be good for the mobile phone market," Asif added.

Last year, Walton produced 50 lakh units of phones and sold devices worth Tk 600 crore.

About business in the first quarter of the year, Oppo said the world was going through a tough time due to the coronavirus pandemic, and Bangladesh was no exception.

Like other brands, Oppo also increased its presence in online channels to sell devices.

"Considering the customers' interest, Oppo started an online free home delivery service, which is continuing," it said in a statement to The Daily Star.

"Our call centres promised to serve its customers 24/7. Customers can reach it anywhere, anytime," it said.

As the government allowed malls to open from April 25, Oppo hopes it can resume physical sales by maintaining safety measures. Realme, a Chinese smartphone manufacturer that started operations in Bangladesh over a year ago, has implemented a home delivery system for some selected smartphone models.

"Realme is keeping up with the growth of the e-commerce sector in Bangladesh. A considerable percentage of Realme phone sales comes from e-commerce," it said in a statement.

Ziauddin Chowdhury, country general manager of Xiaomi Bangladesh, said the brand had maintained sales amidst the lockdown through its e-commerce partners.

According to the BTRC, the number of locally manufactured and imported mobile phones in Bangladesh stood at 2.94 crore units in the fiscal year of 2019-20. There were 1.49 crore units locally manufactured, overtaking the number of imported ones.

In that fiscal, the number of manufactured 2G phone (bar phone) was 94.05 lakh, 3G smartphone 9.77 lakh and 4G smartphone 45.99 lakh. Bangladesh imported 1.32 crore bar phones, 4.74 lakh 3G smartphones, and 7.65 lakh 4G smartphones.

It means Bangladesh-made devices can meet more than 80 per cent of the local smartphone demand.

Among the handset users in the last fiscal year, 77 per cent uses 2G phone (bar phone), 18 per cent 4G phones, and 5 per cent 3G phones, according to the BTRC.

Banks must give Tk 116cr in CSR to pandemic-hit people

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This fund has to be allocated in addition to the lenders' existing CSR budget for this year.

They will be allowed to adjust the one per cent additional fund in the next three years between 2022 and 2024 by way of cutting down their allocation for CSR programmes.

Banks will disburse this year's special fund through district commissioners (DC), non-government organisations (NGOs) and microfinance institutions (MFIs).

The DC offices, NGOs and MFIs will have to open accounts with the respective banks, which will disburse the funds through them.

A bank will have to disburse 50 per cent of the allocated fund in city corporation areas and the rest must be distributed for the people living outside of the cities.

Banks will have to give emphasis on providing essential food products and safety equipment to protect the poor from the virus and provide financial support for treatments.

The Association of Bankers, Bangladesh, an organisation of the top executives of banks, will monitor the special CSR activities.

Banks must complete the CSR activities in the quickest possible time, after which they will have to submit statements to this end to the central bank.

Unilever Consumer Care's profit drops despite higher sales

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The company's financial report was adopted in a board meeting held yesterday.

Net operating cash flow per share rose to Tk 22.64, which was Tk 0.71 before. This was due to a newly introduced distribution model where a majority of sales are done on cash basis, said the company.

In the same meeting the company has further resolved to initiate necessary acts, steps and processes to resume manufacturing activities of food products and other commercial activities at the company's Chattogram site located at North Kattali, Fouzderhat Industrial Area, Chattogram within Q4 2022.

Yesterday stocks of Unilever traded at Tk 2,772 at Dhaka Stock Exchange.

EU weighs making transport, building sectors pay for CO2 emissions

REUTERS, *Brussels*

Diplomats from European Union countries will this week discuss making the transport and buildings sectors pay for their CO_2 emissions, according to an internal document seen by Reuters.

The EU agreed last week to cut its net greenhouse gas emissions at least 55 per cent by 2030 against 1990 levels - a new target that will require emissions to fall faster in all sectors, from farming to heavy industry.

Now Brussels must design the policies to make the target a reality. For cars and buildings, that looks set to include an emissions trading system (ETS), which forces polluters to buy permits to cover their CO_2 emissions.

"This would have to happen gradually, in a manner that does not lead to disruption of these sectors, and does not interfere with the carbon price in the current ETS," the Commission said of the potential policy, in a document shared with EU diplomats who will discuss it this week.

The EU already uses an ETS to curb emissions from power plants and industry.

The new 2030 target will require an extra 10-percentage-point cut in combined emissions from sectors not currently covered by the ETS, compared with the EU's previous climate goal, the document said.

Those sectors include transport, buildings and agriculture.

Edible oil prices rise again

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Ghulam Rahman, president of the Consumers Association of Bangladesh, said the rise in oil prices would put ordinary consumers in more trouble under the current circumstances.

"So, the government should reduce or subsidise the import tax on edible oil to keep prices within the purchasing capacity of common people," he added.

The advance tax recently exempted by the National Board of Revenue (NBR) will not be effective in containing prices, according to Biswajit Saha, director of corporate and regulatory affairs at City Group, one of the country's biggest commodity importers and processors.

Refiners have been demanding the imposition of value added tax (VAT) on the import stage of the value chain rather than on production and distribution as it is not possible for distributors to maintain transaction records in line with the rules.

But since VAT is charged at all three stages, the burden increases for consumers, he said.

"So, removing the tax on imports would be helpful," Saha said.

According to revenue officials, the indirect tax was imposed to bring the sector under the tax net.

The City Group official went on to say that edible oil prices are unstable in the global market due to the coronavirus situation.

"We recently bought crude degummed soybean oil at $1,280 per tonne. At this price, our costing stands at Tk 162 per litre," he added.

The World Bank's data on commodity prices shows that the price of soybean oil has risen sharply in international markets over the past couple of months.

Soybean oil prices increased four per cent to $ 1,164 per tonne in March from $1,121 per tonne in February. In January, the price of soybean oil was $ 1,101 per tonne.

Stocks fall on profit booking

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Stocks of Beximco traded the most with Tk 138 crore worth of shares changing hands followed by LafargeHolcim Bangladesh, Beximco Pharmaceuticals, GBB Power and BD Finance.

Prime Bank shed the most with an 8.76 per cent drop followed by Purabi General Insurance, Takaful Islami Insurance, Peoples Insurance, and Desh General Insurance.

At the DSE, 102 stocks advanced, 191 declined and 62 remained unchanged.

The Chittagong Stock Exchange also fell yesterday. The CASPI, the general index of the port city bourse, fell 38 points, or 0.24 per cent, to stand at 15,828.

Among 255 traded stocks, 73 rose, 134 fell and 48 remained unchanged, CSE data shows.

Weavers in a bind

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As such, most weavers will be unable to recover their businesses without government support.

"Big factories got financial aid amid the pandemic but small weavers, who need it to stay afloat, received nothing," he added.

Other than Covid-induced losses, weavers are also suffering from the soaring price of raw materials.

Each pound of 60-count thread sold for about Tk 150 a couple of months ago but now the same amount of thread costs around Tk 200, said Md Shamsul Alom, a leading handloom weaver of Shahzadpur.

The case is similar for 80-count thread, which rose from about TK 220 per pound to Tk 340, he added while urging the government to monitor raw material prices for the sake of the weavers.

FBCCI's plan for a bank is an absurd idea: experts

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"If the directors of the FBCCI or other businesses face any problem in managing loans, they can urge the government and the central bank to reform the banking industry."

He said industrial groups did not control banks in the developed countries and even in India. But, the scenario was quite the opposite in Bangladesh.

"Such control has had a negative impact on the banking industry to a large extent," Ahmed said.

If the directors of the FBCCI need the ownership of a lender, they can purchase shares of a weak bank, he said.

The number of insurance companies is also higher in Bangladesh than required, he said. "So, the government should not entertain the FBCCI's demand."

Siddiqur Rahman, senior vice-president of the FBCCI, said the board would go ahead and lobby with the government to set up a bank, a university and an insurance company.

"A bank is needed to disburse loans to the businessmen, especially to the CMSMEs, because the existing commercial banks are reluctant to lend to the firms without collaterals. We have targeted to lend money to the cottage, micro and small entrepreneurs without collateral."

He said most commercial banks fixed unusual interest rates that are affecting the normal businesses.

Most CMSMEs do not have the capability of availing loans from the conventional banking system by fulfilling stringent conditions, he said.

For instance, most of the CMSMEs could not secure loans from the government-sponsored stimulus package because of the strict terms.

"But they are in big trouble because of the fallouts of Covid-19," said Rahman, also the commerce and industrial affairs secretary of the ruling Awami League.

The insurance company will act as the guarantor of the loans that will be disbursed among the CMSMEs, he said.

The government has allowed banks for the Army, the Police, the Border Guard Bangladesh, and the Ansar and VDP. "Why can't there be a bank for the trade body?" Rahman asked.

"FBCCI deserves a bank because it is the apex trade body of the country."

The FBCCI board will run the bank, and the general public can buy the shares once it goes public, he said, adding that former FBCCI directors or presidents can be sponsor directors of the bank.

Rahman, also a former president of the Bangladesh Garment Manufacturers and Exporters Association (BGMEA), said he wanted to set up a BGMEA bank. However, it was not possible as his tenure expired.

"Still, we have a plan to apply for a bank for the BGMEA. We want a bank for the BGMEA as the garment sector is the single largest export earner for the country."

The proposed FBCCI University will formulate the curriculum targeting the need of the industries as public and private universities are failing to produce the required human resources.

FBCCI polls unlikely as directors elected uncontested

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"We can't say anything until May 5 as per the election schedule," he said.

In the FBCCI election, candidates contest from two groups: chambers and associations.

Chambers and associations from across the country send in their representatives to contest the election.

In the election, 23 directors are chosen from the chamber group and another 23 from the association group.

After the final scrutiny, all 23 posts of directors from each group have been finalised, the election board member said. So, a total of 46 candidates have almost been found by the board, he said. Another 34 nominated directors -- 17 each from the association group and the chamber group -- will join the elected directors. The total number of the post of directors is 80.

However, for the 2021-23 tenure, the board would consist of 78 directors as the Bangladesh Association of International Recruiting Agencies and the Gopalganj Chamber of Commerce and Industry did not put forward their directors.

The chamber group and the association group hold the post of the president alternately.

For the next two years, the president will be elected from the association group as per the rules of the FBCCI election. Sheikh Fazle Fahim, the outgoing president, was elected from the chamber group.

As the apex trade body, the FBCCI plays an important role in negotiation with the government and other agencies at national and international levels to protect the business community's interests.

The body also assists the government in formulating policies and guidelines in the areas such as customs, banking, import, export, and tax.