







Chowdhury Nafeez Sarafat, chairman of Padma Bank Limited, chaired the 79th meeting of the board of directors last Wednesday through a virtual platform. Hasan Taher Imam, vice-chairman of the bank; Md Ataur Rahman Prodhon, Md Abdus Salam Azad, Mohammad Shams-Ul Islam, Obayed Ullah Al Masud, Md Abul Hossain, Md Abu Kaiser, and Tamim Marzan Huda, directors; Md Ehsan Khasru, managing director of the bank, and Faisal Ahsan Chowdhury, a deputy managing director, were present.

## Standard Chartered donates 3 oxygen plants to charitable hospitals

STAR BUSINESS DESK

Standard Chartered Bangladesh has donated three pressure swing adsorption oxygen plants for charitable hospitals run by Chattogram Maa-O-Shishu Hospital, Thengamara Mohila Sabaj Sangha (TMSS) and United Trust in Chattogram, Jamalpur and Bogra respectively. The plants will enable the hospitals to become self-sufficient with a dedicated oxygen supply. The total installed capacity of these plants will exceed 1,347 litres per minute, says a press release. "Never before have we felt the value of oxygen as keenly as we do today, as we come face-to-face with the stark realities of Covid-19," said Naser Ezaz Bijoy, the bank's chief executive officer. "With the support of our partners, we are determined to ensure that very soon we reach a stage where there is no unnecessary suffering due to the unavailability of oxygen," he said. "Right now, we are directing all of our energy in supporting communities and businesses to overcome this current wave," he added. "...with the surge of the infection every human life is at stake. The mainstay of management of Covid-19 patients is oxygen for those who are admitted in hospitals," said SM Morshed Hossain, the hospital's acting president. "TMSS Medical College & Rafatullah Community Hospital has provided medical services to Covid-19 patients since the beginning of the pandemic in 2020," said Prof Hosne-Ara Begum, founder executive director of the TMSS. "For the people of far-flung districts of our country, it is inevitable to come all the way to Dhaka to get the quality healthcare services," said AJM Fazlur Rahman, executive director of the trust, which runs MA Rashid Hospital in Jamalpur.

## China applies to join Pacific trade pact to boost economic clout

REUTERS, Beijing

Japan said it would have to determine if China meets the "extremely high standards" of the Comprehensive and Progressive Agreement for Trans-Pacific Partnership (CPTPP) after the world's second-biggest economy formally applied to join. Commerce Minister Wang Wentao submitted China's application to join the free trade agreement in a letter to New Zealand's trade minister, Damien O'Connor, the Chinese ministry said in a statement late on Thursday. The CPTPP was signed by 11 countries including Australia, Canada, Chile, Japan and New Zealand in 2018. Before that, it was known as the Trans-Pacific Partnership and seen as an important economic counterweight to China's regional influence. Japan, the CPTPP's chair this year, said it would consult with member countries to respond to China's request, but stopped short of signalling a timeline for doing so. "Japan believes that it's necessary to determine whether China, which submitted a request to join the TPP-11, is ready to meet its extremely high standards," Japanese Economy Minister Yasutoshi Nishimura told reporters on Friday. The TPP was central to former US President Barack Obama's strategic pivot to Asia but his successor, Donald Trump, withdrew the United States from the pact in 2017. Asked to comment on China's bid, a spokesperson for the US State Department said it deferred to CPTPP, given that the United States was not a member, but added: "That said, we would expect that Chinas non-market trade practices and Chinas use of economic coercion against other countries would factor into CPTPP parties evaluation of China as a potential candidate for accession." CPTPP accession would be a major boost for China following the signing of the 15-nation Regional Comprehensive Economic Partnership free trade agreement last year. Beijing has lobbied for its inclusion in the pact, including by highlighting that the Chinese and Australian economies have enormous potential for cooperation. However, relations between the two countries have soured. In a new alliance dubbed AUKUS announced this week, the United States and Britain said they would provide Australia with the technology to deploy nuclear-powered submarines, a move seen as aimed at countering China's influence in the Pacific.



Workers make Chinese flags at a factory in Jiaying, Zhejiang province, China.

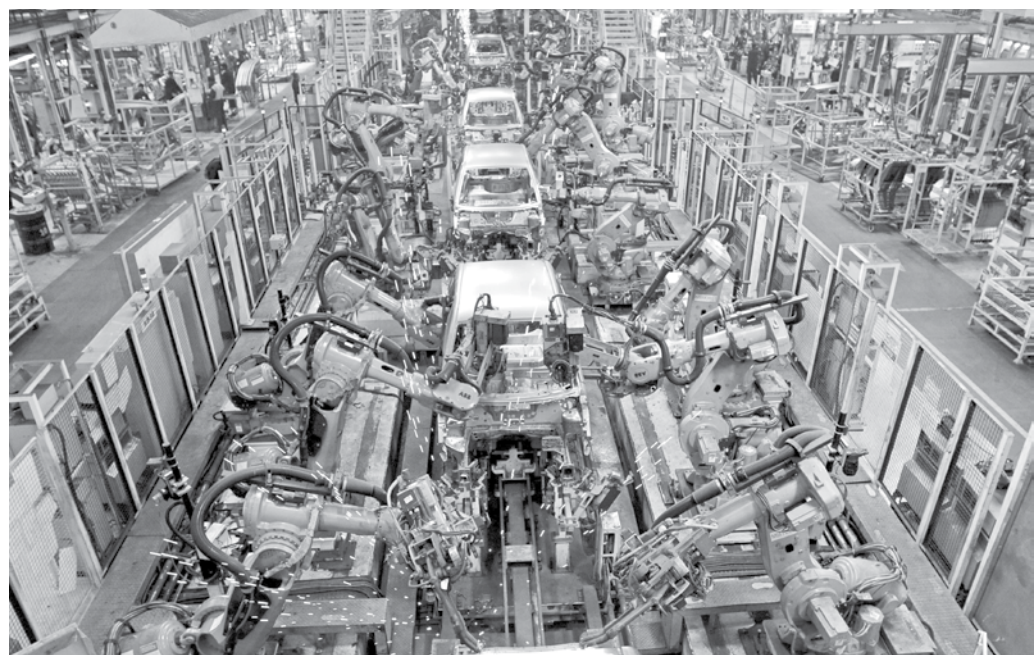
## Ford wakes up badly burnt from its India dream

REUTERS, New Delhi

When Ford Motor Co built its first factory in India in the mid-1990s, US carmakers believed they were buying into a boom - the next China. The economy had been liberalised in 1991, the government was welcoming investors, and the middle class was expected to fuel a consumption frenzy. Rising disposable income would help foreign carmakers to a market share of as much as 10 per cent, forecasters said. It never happened. Last week, Ford took a \$2 billion hit to stop making cars in India, following compatriots General Motors Co and Harley-Davidson Inc in closing factories in the country. Among foreigners that remain, Japan's Nissan Motor Co Ltd and even Germany's Volkswagen AG - the world's biggest automaker by sales - each hold less than 1 per cent of a car market once forecast to be the third-largest by 2020, after China and the United States, with annual sales of 5 million. Instead, sales have stagnated at about 3 million cars. The growth rate has slowed to 3.6 per cent in the last decade versus 12 per cent a decade earlier. Ford's retreat marks the end of an Indian dream for US carmakers. It also follows its exit from Brazil announced in January, reflecting an industry pivot from emerging markets to what is now widely seen as make-or-break investment in electric vehicles. Analysts and executives said foreigners badly misjudged India's potential and underestimated the complexities of operating in a vast country that rewards domestic procurement. Many failed to adapt to a preference for small, cheap, fuel-efficient cars that could bump over uneven roads without needing expensive repairs. In India, 95 per cent of cars are priced below \$20,000. Lower tax on small cars also made it harder for makers of larger cars for Western markets to compete with small-car specialists such as Japan's Suzuki Motor Corp - controlling shareholder of Maruti Suzuki India Ltd, India's biggest carmaker by sales. Of foreign carmakers that invested alone in India over the past 25 years, analysts said only South Korea's Hyundai Motor Co stands out as a success, mainly due to its wide portfolio of small cars and a grasp of what Indian buyers want. "Companies invested on the fallacy that India would have great potential and the purchasing

power of buyers would go up, but the government failed to create that kind of environment and infrastructure," said Ravi Bhatia, president for India at JATO Dynamics, a provider of market data for the auto industry. Some of Ford's missteps can be traced to when it drove into India in the mid-1990s alongside Hyundai. Whereas Hyundai entered with the small, affordable "Santro", Ford offered the "Escort" saloon, first launched in Europe in the 1960s. The Escort's price shocked Indians used to Maruti Suzuki's more affordable prices, said former Ford India executive Vinay Piparsania. Ford's narrow product range also made it hard to capitalise on the appeal won by its best-selling EcoSport and Endeavour sport utility vehicles (SUVs), said analyst Ammar Master at LMC. The carmaker said it had considered bringing more models to India but determined it could not do so profitably. "The struggle for many global brands has always been meeting India's price point because they brought global products that were developed for mature markets at a high-cost structure," said Master. A peculiarity of the Indian market came

in mid-2000 with a lower tax rate for cars measuring less than 4 metres (13.12 ft) in length. That left Ford and rivals building India-specific sub-4 metre saloons for which sales ultimately disappointed. "US manufacturers with large truck DNAs struggled to create a good and profitable small vehicle. Nobody got the product quite right and losses piled up," said JATO's Bhatia. Ford had excess capacity at its first India plant when it invested \$1 billion on a second in 2015. It had planned to make India an export base and raise its share of a market projected to hit 7 million cars a year by 2020 and 9 million by 2025. But the sales never followed and overall market growth stalled. Ford now utilises only about 20 per cent of its combined annual capacity of 440,000 cars. To use its excess capacity, Ford planned to build compact cars in India for emerging markets but shelved plans in 2016 amid a global consumer preference shift to SUVs. It changed its cost structure in 2018 and the following year started work on a joint venture with local peer Mahindra & Mahindra Ltd designed to reduce costs. Three years later, in December, the partners abandoned the idea.



Ford cars are assembled at a plant of Ford India in Chengalpattu, on the outskirts of Chennai, India.

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## Poultry farmers in a double bind

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As a result, feed production costs have increased by 25 per cent to 30 per cent in the last three months, Beg said. The price of maize and soybean meal, which make up 70 per cent to 80 per cent of the feed, has increased by 50 per cent to about Tk 30 and Tk 53 respectively since 2019, he added. The increased price of maize and soybean meal contributes 3 per cent to 4 per cent of the current feed prices. In June, the price of broiler chicken feed was around Tk 50 per kg while it currently stands at about Tk 53. Similarly, other types of feed that used to cost between Tk 41 to Tk 46 per kg now cost Tk 43 to Tk 48 for the same amount. Meanwhile, the cost of production of broiler chickens has increased by 9 per cent in the last three years. "So, there is no profit in broiler chicken farming at present," Beg said. Md Rakibur Rahman, owner of Nahar

Agro and president of the Breeders Association of Bangladesh, said the price at which shopkeepers were buying chicken from farms was far less than its production value. "Farmers are not getting their expected prices due to lower consumption amid the Covid-19 situation and since farmers need fewer chicks now, many hatcheries have also shut down," he added. Over eight crore chickens are produced every month across the country while about 4.5 crore eggs are produced each day. Many feed mills are also closing down due to high raw material costs at the international level. So, like poultry farmers, small feed mills are also facing severe losses, leading to their closure, Rahman added. According to farmers and experts, it is necessary to ensure a fixed selling price for chicks, feed, broiler chicken and eggs in line with production costs to ensure the survival of poultry farmers and feed mills.

## Dairy farms sprouting around Dhaka

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However, Kamal went on to say that there was a hygiene issue and proper quality control is necessary. "We need at least 5,000 litres of milk for our milk collection tankers to go and collect milk from a place. Any less would not be viable for us," he added. Emran said dairy farmers around Dhaka city do not have to face any hassle to

market and sell milk whereas small farmers in different parts of the country have to face such troubles. He said maintaining hygiene was a very difficult task but farm owners should focus on marketing management. "This is a sector with potent. If the government supports such farmers, they will be able to give more importance to milk processing," Emran said.

## BB-BSEC row reins in stocks' growth spurts

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"Profit-taking is normal, but some unexpected issues between the two regulators made headlines, taking a toll on the confidence of investors." "The central bank should have raised its concerns about the stabilisation fund with the BSEC before the latter published the gazette." "This is a sensitive market, and the issue is also important." A market analyst said that the impasse emerged after two regulators took some decisions that were deemed that one was trying to counter the other. The BB has been mopping up excess liquidity from the banking system to stop the asset bubble since it unveiled the monetary policy in July. In August, it withdrew Tk 19,645 crore from the market, BB data showed. The central bank also ordered banks to beef up monitoring on loan disbursements to see whether funds end up in unproductive sectors like the stock market. It scrutinises banks' stock market investments on a daily basis to prevent their overexposure. Already, it fined NRB Commercial Bank

and NRB Bank for breaching rules while investing in the stock market. For its part, the stock market regulator decided to extend loan facilities to investors so that they can buy stocks when the index is at record levels. Investors can now take on loans of up to 80 per cent of their investment if the benchmark index crosses 7,000 points and stays within 8,000. Earlier, investors were allowed to borrow Tk 80 against an investment of Tk 100 if the benchmark index was lower than 7,000 points. The regulators might disagree on policy issues, but it should not be made public, said Ariful Haque, a non-resident Bangladeshi stock investor. "The recent row between the central bank and the stock market regulator has affected the investors' mindset. So, the regulators should behave professionally." "The market is thriving, so the regulators should take decisions in a harmonised way." As investors have huge confidence in the market, the index bounced back towards the end of the week.

## Private firms to get undersea cable licences

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Network redundancy is a duplicated infrastructure where additional or alternate instances of network devices and connections are installed to ensure an alternate path in case of a failure on the primary service. The penetration rate of fixed-broadband is about 6 per cent in Bangladesh, and the government has targeted to raise it to 15 per cent by 2021. Meanwhile, BSCLL has received approval from its board to change the name of the company from Bangladesh Submarine Cable Company Limited (BSCLL) to Bangladesh Submarine Cables PLC (BSCPLC), subject to the permission of the authorities, if any. The use of the PLC abbreviation after the name of a company communicates to investors and to anyone dealing with the company that it is a publicly-traded corporation.

## Ctg port sees better turnaround times

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However, vessel congestion still prevails at the transshipment ports of Singapore and Colombo, which is delaying the arrival of vessels here, he said. Pressure of import containers has been gradually increasing since the NBR decision was no longer in effect and the situation may change within a few weeks, he added. Expressing satisfaction, Chittagong Chamber of Commerce and Industry President Mahubul Alam said the CPA should focus on retaining the current pace of activities.

## Exports to Bhutan go up as trade agreement kicks in

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The edible oil faces the highest duty of 100 per cent, Kamal said, adding that his company shipped Tk 40 crore worth of goods in the last fiscal year. Kamal went on to say that before the onset of Covid-19, exports to Bhutan were insignificant. Despite the ongoing pandemic and lockdowns, shipments to the South Asian nation have grown steadily. Khurshid Ahmad, general manager for international marketing of Bombay Sweets & Co. Ltd, says the export of goods like crisps and savoury snacks to Bhutan has increased. However, over the last few months, the shipment of goods has been slow because of recurrent lockdowns in Bhutan, he added. Noor Md Mahubul Haque, additional secretary of the commerce ministry's free trade agreement wing, says nobody has complained about not enjoying the duty benefit to Bhutan under the PTA as the agreement has been in effect since its signing. "If an exporter does not enjoy the benefit,

they should contact us. They should bring it to our notice so that we can investigate and take measures through consultations and negotiations." He said the ministry would hold talks with Bhutan if needed, but the aggrieved needed first to bring it to the ministry's notice. Mostofa Azad Chowdhury Babu, vice-president of the Federation of Bangladesh Chambers of Commerce and Industry, also said none had lodged any complaint with the apex trade body. Rizwan Rahman, president of the Dhaka Chamber of Commerce and Industry, called for carrying out a survey to see if anyone faced any issues in exporting to Bhutan. The duty structure for garment items was like it was previously, said Shahidullah Azim, vice-president of the Bangladesh Garment Manufacturers and Exporters Association. Bangladesh exported nearly \$0.32 million worth of garment items to Bhutan in the last fiscal year. "Since the market is not that big, it is not a major target destination for apparel exporters," said Azim.

