Logistics development policy needed to improve transport system

Speakers say at int'l investment summit

STAR BUSINESS REPORT

A comprehensive national logistics development policy is needed to enhance the local transport system and facilitate foreign investment, according to speakers at the International Investment Summit 2021.

"Streamlining the national logistics development mechanism is mandatory for developing countries to increase private investment," said Abul Kasem Khan, chairperson of the Business Initiative Leading Development (BUILD).

Both local and foreign companies demand efficient logistics support to ensure improved productivity, shorter lead-time, and facilitate expansion as per market needs.

"And considering Bangladesh's growth projections, a world-class logistics ecosystem is required to improve the country's overall competitiveness," he added.

Khan made these comments while delivering the keynote in a session on "Transport and Logistics: The Right Move" at the Radisson Blu Dhaka Water Garden yesterday.

The two-day International Investment Summit, organised by the Bangladesh Investment Development Authority (Bida) under the sponsorship of International Finance Corporation (IFC), began on Sunday.

"We estimate that an injection of $300 billion is needed for infrastructure development until 2031, when investment in the sector will reach 6 or 7 per cent of the gross domestic product (GDP) from the 3.6 per cent at present," Khan said.

The cost of connectivity in Bangladesh is high due to inefficiencies in the sector, such as extreme traffic and port congestion.

Besides, the country's consistent GDP, trade and industrial growth has overburdened its transport ecosystem, he added.

State Minister for Shipping Khalid Mahmud Chowdhury said the government has taken necessary initiatives to develop port facilities and facilitate economic growth.

"This logistics support from the government will help enhance port efficiency and meet the growing demand for warehouses," he added.

M Shahjahan, chairman of the Chittagong Port Authority, said they have taken a number of steps to increase the seaport's container and cargo handling capacity to meet the growing demand for such services.

Besides, new ports are being established while existing facilities are being upgraded, such as the new jetty and channel dredging at Chittagong port.

"But we need to invest in equipment to ensure global standard facilities at the Matarbari and Payra ports," he added.

Wan Chee Foong, regional chief executive officer for the Middle East and South Asia at PSA International Pte Ltd, said Bangladesh needs to establish easy global connections as its economy is growing rapidly.

"So, regulatory support is essential to develop the local logistics sector as it would help the country grow its international trade volume," he added.

Md Abul Bashar, director general of the Public Private Partnership (PPP) Authority, said the organisation is ready to facilitate foreign investment in all sectors, including power and healthcare, under joint ventures with local companies.

Bashar went on to say that financial investment is not the only element under the PPP model as technological and expert support is also needed.

Syed Ershad Ahmed, president of the American Chamber of Commerce in Bangladesh, said the local logistics sector is very poor and requires special attention to handle the growing demand for import-export facilities.

Citing that the warehouse at the Hazrat Shahjalal International Airport is not sufficient considering current needs, Ahmed suggested expanding such facilities to expedite export.

Naquib Khan, president of the Bangladesh Supply Chain Management Society, moderated the session where Mahbubul Alam, president of the Chittagong Chamber of Commerce and Industry, also spoke.

INTERNATIONAL INVESTMENT SUMMIT 2021 BANGLADESH
DISCOVER LIMITLESS OPPORTUNITIES

Streamlining the national logistics development mechanism is necessary for developing countries to increase private investment, says an expert.

PHOTO: STAR/FILE

Bangladesh a favourable destination for Turkish investors

Says 14-member delegation

STAR BUSINESS REPORT

Bangladesh has a favourable business environment for Turkish investors thanks to its congenial policy making and regulatory regimes, according to a 14-member delegation of the Turkey-Bangladesh Business Council.

"The construction, renewable energy, automobile, healthcare, shipbuilding, healthcare and home appliance industries are just some of the areas with potential for Turkish investment," said Rizwan Rahman, president of the Dhaka Chamber of Commerce and Industry (DCCI).

Bangladesh's trade with Turkey amounted to about $686.4 million in fiscal 2019-20, when exports made up around $453 million of the total against $233.4 million in imports.

"This reflects a positive trade balance in our favour," he added.

Rahman made these comments during a meeting with the 14-member delegation yesterday, as per a press release circulated by the DCCI.

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BIDS conference on development begins tomorrow

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The Bangladesh Institute of Development Studies (BIDS) will organise a three-day international conference from tomorrow, which the public multi-disciplinary organisation believes will act as a platform for disseminating national and international research on socio-economic issues.

The Annual BIDS Conference on Development will be held at Lakeshore Hotel in Dhaka's Gulshan, BIDS said in a statement issues yesterday.

The conference will also engage the wider community to envisage the next phase of development for Bangladesh following 50 years of independence.

Planning Minister MA Mannan is scheduled to attend the conference's inaugural session as chief guest while Finance Minister AHM Mustafa Kamal and the Prime Minister's Economic Affairs Adviser Mashiur Rahman will act as special guests.

Thirteen keynote speeches and 27 academic papers will be presented in 10 sessions at the event, the statement said.

GLOBAL BUSINESS

Nissan unveils $18b electrification push

REUTERS, *Yokohama*

Nissan Motor Co announced it will spend 2 trillion yen ($17.59 billion) over five years to accelerate vehicle electrification to catch up with competitors in one of the fastest growth areas for car makers.

This is the first time Japan's No 3 automaker, one of the world's first mass-market electric vehicle (EV) makers with its Leaf model more than a decade ago, is unveiling a comprehensive electrification plan.

Nissan will be spending twice as much as it did in the previous decade for a share of the EV market as rivals, including Toyota Motor Corp and newer entrants such as Tesla Inc, move ahead with their electric-car plans.

Nissan said on Monday it will launch 23 electrified vehicles by 2030, including 15 electric vehicles (EVs), and wants to reduce lithium-ion battery costs by 65 per cent within eight years.

It also plans to introduce potentially game-changing all solid-state batteries by March 2029.

Those commitments, Chief Executive Makoto Uchida said, would make EVs affordable to more drivers.

"We will advance our effort to democratise electrification," he said in an online presentation.

Shares of Nissan slid 5.6 per cent on Monday, underperforming its major rivals and compared to the benchmark Japan index's 1.6 per cent drop.

Some analysts were unimpressed with Nissan's plan, noting it was already behind its rivals in electrification.

Masayuki Otani, senior analyst at Securities Japan Ltd, also said auto shares were falling on Monday because of concerns the new coronavirus variant would squeeze production.

"Nissan's long term vision comes at a time when the market is perhaps not receptive to it. It can be said that it represents a huge increase in investment, it feels cautious," he said.

Nissan's electrification plan comes as it pulls back from a pursuit of sales volume pushed by former chairman Carlos Ghosn, slashing production capacity and model types by a fifth to improve profitability.

"It's very important for Nissan to show where we are going next, and today's plan is a vision and direction which is talking about the future," Chief Operating Officer (COO) Ashwani Gupta said when asked about the share price at the gallery at its headquarters in Yokohama where it is displaying only electrified vehicles.

Although still only a small portion of vehicles on the road, global electric car registrations in 2020 grew 41 per cent even as the overall car market contracted by almost a sixth, according to the International Energy Agency (IEA).

At the UN climate summit in Glasgow this month, major car makers, including General Motors and Ford Motor Co, signed a declaration that committed them to phase out fossil fuel vehicles by 2040.

A man wearing a face mask works on a production line manufacturing bicycle wheel rims at a factory, as the country is hit by the novel coronavirus outbreak, in Hangzhou, Zhejiang province, China.

REUTERS/FILE

China's Nov factory activity likely contracted at slower pace

REUTERS, *Beijing*

China's factory activity is likely to have shrunk at a slower pace in November, as supply snags and power cuts eased, a Reuters poll showed, but persistent softness in the manufacturing sector points to a further slowing of the economy.

The official manufacturing Purchasing Manager's Index (PMI) is expected to rise to 49.6 in November, up from 49.2 in October, according to the median forecast of 29 economists polled by Reuters on Monday.

A reading below 50 indicates contraction from the previous month.

Analysts have attributed the shallower contraction to the post-holiday uptick in production and the easing power cuts across most parts of the nation, although factors such as high raw material prices, a slowdown in the property sector and supply shortages continue to hamper the post-Covid recovery.

"We expect the NBS manufacturing PMI to stay in contraction territory at 49.6 in November versus 49.2 previously, as evidenced by still weak heavy industry manufacturing operation rates," said Jian Chang, chief China economist at Barclays, in a note on Friday.

The world's second-largest economy, which staged an impressive rebound from last year's pandemic slump, has lost momentum since the second half as it grapples with a slowing manufacturing sector, debt problems in the property market and Covid-19 outbreaks.

Analysts expect a further slowdown in fourth quarter gross domestic product (GDP) growth.

Power cuts have eased after policymakers moved to crack down on record-high coal prices.

The State Grid Corporation said on November 7 that power rationing has ended in most parts of the nation, except for temporary curbs on high-emission industries in some provinces.

Premier Li Keqiang last week acknowledged that China's economy faces new downward pressures but said authorities should avoid an "aggressive" one-size-fits-all approach.

China's central bank will likely move cautiously on loosening monetary policy to bolster the economy, as slowing economic growth and soaring factory inflation fuel concerns over stagflation, policy sources said.

Factory gate inflation hit a 26-year high in October, further squeezing profit margins for producers and heightening stagflation concerns.

The official PMI, which largely focuses on big and state-owned firms, and its sister survey on the services sector, will be released on Tuesday.

The private Caixin manufacturing PMI will be published on Wednesday. Analysts expect the headline reading will edge down slightly to 50.5 from 50.6 the previous month.

Omicron threatens oil demand recovery

REUTERS

Asian oil refiners' margins have slumped to the lowest in nearly five months amid worries that the Omicron coronavirus variant could deal another blow to oil demand recovery, already hit by rising Covid-19 cases in Europe.

Governments worldwide imposed travel curbs on travellers from southern Africa during the weekend to limit the spread of Omicron, first detected in South Africa.

Scientists are racing to find out whether it is more transmissible or causes more severe disease than existing variants. It comes as refiners' margins in Asia and Europe had already taken a hit in recent weeks as many European countries reimposed coronavirus restrictions to contain surging Covid-19 cases.

The double-whammy risks derailing the global economic recovery and by extension oil demand, which the International Energy Agency expects to grow by 5.5 million barrels per day (bpd) to 96.3 million bpd in 2021.

"At a time when many travel lanes are reopening, this is a setback," said Howie Lee, an economist at Singapore's OCBC bank.

"We need at least two weeks to figure out what impact this new variant will have on oil demand."

Concerns about the new variant pummelled oil prices on Friday in thin post-Thanksgiving volumes.

Oil prices plunged more than 10 per cent on Friday - their largest daily drop since April 2020 - but had only recovered some of those losses by 0608 GMT on Monday, standing up more than 3 per cent on the day. Analysts said the Friday sell-off had been excessive.

BP plans large-scale green hydrogen project in UK

REUTERS

BP said on Monday it plans to set up a large-scale green hydrogen production plant in northeast England, generated with wind, water and solar energy to aid Britain's move away from fossil fuels.

The project, dubbed HyGreen Teesside, aims to produce 60 MWe (megawatt electrical input) of so-called "green" hydrogen, which is derived from renewable sources, by 2025, BP said.

Along with its previously announced "blue" hydrogen project, which is produced from natural gas, the two Teesside plants have the potential to deliver 30 per cent of Britain's 2030 target for hydrogen production, BP said.

Governments and energy companies are betting on clean hydrogen playing a leading role in efforts to lower greenhouse gas emissions, but its future uses and costs are highly uncertain. The British government is targeting 5 GW (gigawatts) of low-carbon hydrogen production by 2030 to replace natural gas in powering around three million homes, as well as industry and transport.

A global coalition of industrial companies this month boosted a target for emissions-cutting green hydrogen at the COP26 climate talks in Glasgow earlier this month.

The HyGreen Teesside project, to be developed in multiple stages, could deliver up to 500Mwe of hydrogen production by 2030, the London-listed company said.