

CVO Petrochemical to buy Tk 15cr oil tanker

STAR BUSINESS REPORT

CVO Petrochemical, a listed petrochemical company, has decided to buy an oil tanker that costs Tk 15 crore.

Khwaza Mowin Uddin Hossain, company secretary of CVO Petrochemical, said they decided to make the purchase in a bid to reduce the transport cost for raw materials.

The company has not owned a tanker till date, he added.

CVO Petrochemical signed an agreement with M/S MA Bashar and Brothers to purchase the 207-tonne capacity tanker that is made in Japan.

By buying this oil tanker, the company can ensure better quality, quantity, safety and security for Naphtha, a raw material of its fuel.

It will save a substantial amount of the carrying cost of Naphtha from Eastern Refinery Ltd.

Besides, it will also have the opportunity to generate extra income by carrying other products of other companies, CVO Petrochemical said in a disclosure posted on the DSE website.

In addition, the company can use the oil tanker to carry condensate from mother vessels to its storage tank, saving the carrying cost in this regard at the same time.

CVO Petrochemical produces import substitute fuel products for the country.

The production capacity of its fractionation plant is 50,000 tonnes per year.

The raw material, natural gas condensate, used by the company is produced locally from the Sylhet Gas Fields.

It's main products are motor spirit, high speed diesel, and mineral turpentine.

CVO Petrochemical incurred a net loss of Tk 6.29 crore in 2020-21 while it was Tk 1.28 crore in the negative the previous year.



Locally known as 5 No Ghat, this waterfront by the Bhairab river in Khulna city sees anywhere from 80 to 100 lighter vessels mooring on an average day to drop off goods, including cement and fertiliser, received from bigger ships at sea. In turn, this movement enables employment for around 1,000 day-wage earners here. The photo was taken last week.

PHOTO: HABIBUR RAHMAN

China's Q4 GDP growth seen hitting 18-month low

REUTERS, Beijing

China's economy likely grew at the slowest pace in 1-1/2 years in the fourth quarter, dragged by weaker demand due to a property downturn, curbs on debt and strict Covid-19 measures, raising heat on policymakers to roll out more easing steps.

Data on Monday is expected to show gross domestic product (GDP) grew 3.6 per cent in October-December from a year earlier - the weakest pace since the second quarter of 2020 and slowing from 4.9 per cent in the third quarter, a Reuters poll showed.

On a quarterly basis, growth is forecast to rise to 1.1 per cent in the fourth quarter from 0.2 per cent in July-September.

For 2021, GDP likely expanded 8.0 per cent, which would be the highest annual growth in a decade, partly due to the low base set in 2020, when the economy was jolted by Covid-19 and stringent lockdowns.

The government is due to release the GDP data, along with December activity data, on Monday at 0200 GMT.

The world's second-largest economy,

Policymakers have also pledged to step up fiscal support for the economy, speeding up local government special bond issuance to spur infrastructure investment and planning more tax cuts

which cooled over the course of last year, faces multiple headwinds in 2022, including persistent property weakness and a fresh challenge from the recent local spread of the highly contagious Omicron variant.

Exports, which were one of the few areas of strength in 2021, are also expected to slow, while the government is seen continuing its clampdown on industrial emissions.

Policymakers have vowed to head off a sharper slowdown, ahead of a key Communist Party Congress late this year.

The central bank is set to unveil more easing steps, though it will likely favour injecting more cash into the

economy rather than cutting interest rates too aggressively, policy insiders and economists said.

Analysts polled by Reuters expect the central bank to deliver more modest easing steps, including cutting banks' reserve requirement ratios the one-year loan prime rate (LPR) - the benchmark lending rate.

Analysts at ANZ said in a note that they saw a possibility that the central bank will cut the rate on its medium-term lending facility (MLF) on Monday.

Policymakers have also pledged to step up fiscal support for the economy, speeding up local government special bond issuance to spur infrastructure investment and planning more tax cuts.

"We might see a larger effect of the monetary and fiscal easing only in the second half of 2022 due to the transmission lags of these policies," analysts at Natixis said in a note.

"The recent monetary easing and the stabilization of PMI (factory activity) have indicated such a direction, but more efforts are needed to boost fixed asset investment." Growth is likely to slow to 5.2 per cent in 2022, according to the poll.

Beef up negotiation capacity for trade deals

Experts say at ICAB webinar

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In order to maximise the use of trade agreements to achieve development outcomes, there is an ardent need to strengthen Bangladesh's capacity to effectively participate in multilateral, regional and bilateral trade negotiations, according to speakers at a webinar.

This is where government agencies, political parties, the private sector, academia, and key policymakers, including parliamentarians, must be involved, they said.

Otherwise, trade negotiations will either become impossible or implementation of the outcome will not be possible, they added.

These comments came at a webinar on "International Trade Negotiations: Bangladesh perspective", organised by the Institute of Chartered Accountants of Bangladesh (ICAB) yesterday.

Bangladesh has been pursuing some BIMSTEC, APTA, and a few bilateral free trade agreements, focusing on the need for creating better market access for goods, particularly duty-free, quota-free, and preferential market access in services where the country has potential.

In addition, the elimination of non-tariff barriers is needed, they said.

"Bangladesh is currently pursuing some regional trade agreement negotiations like BIMSTEC, APTA, and bilateral free-trade agreements too," said ICAB President Shahadat Hossain.

He went on to say that there is an ardent need to strengthen the capacities of developing countries, including Bangladesh, to effectively participate in multilateral, regional and bilateral trade negotiations and maximise the use of trade agreements to achieve development outcomes.

Shubhashish Bose, chief executive officer of ICAB and former senior secretary of the commerce ministry, presented the keynote paper in the webinar.

He said Bangladesh has been trying to achieve better market access in other countries through tariff reductions, such as DFQF and removal of non-tariff barriers.

Fazle Kabir, governor of the Bangladesh Bank, and Afzal Hossain, chairman of the Bangladesh Trade and Tariff Commission, also spoke at the webinar.

Zaidi Sattar, chairman of the Policy Research Institute of Bangladesh, Noor Md Mahbulul Haq, additional secretary of the commerce ministry's FTA Wing, and NKA Mobin, vice-president of ICAB, were also in attendance.

There is an ardent need to strengthen the capacities of developing countries to effectively participate in multilateral, regional and bilateral trade negotiations

US oil and gas M&A activity slows in Q4

REUTERS, Washington

Dealmaking in the US oil and gas industry halved in value in the fourth quarter from the third, with the annual total falling short of the pre-pandemic average, according to data published by analytics firm Enverus on Thursday.

Oil producers struck deals worth just \$9 billion in the final three months of 2021, a 50 per cent slump from the third quarter's \$18.5 billion. But the full year totaled \$66 billion, a jump of 25 per cent thanks to a two-year peak in the second quarter.

M&A activity in the industry took a hit in 2020 from the pandemic pushing oil

and gas prices to record lows, although commodity prices made a strong rebound last year, sparking a wave of consolidation.

That has, however, also pushed up valuations, making it difficult for buyers and sellers to agree on a price and leading to fewer but larger deals.

Upstream deals signed in 2020 and 2021 totaled 172 and 179, respectively, compared with an average of nearly 400 deals per year before Covid, according to Enverus data.

The slow end to the "second year of a Covid-influenced market" held total deal values below the \$72 billion average from 2015 to 2019, Enverus said in a press release.

BB ensures NBFI boards stay aware of anomalies

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to be informed of steps the institution was taking in response to the irregularity.

The BB directive comes at a time when alleged loan scams and siphoning off of funds have crippled a number of NBFIs, eroding public confidence on the sector.

The woes widened after Proshanta Kumar Halder, also known as PK Halder, and his accomplices embezzled a huge sum of money from at least four NBFIs.

Non-performing loans (NPLs) in the NBFI sector rose 16 per cent year-on-year to Tk 10,328 crore in June, data from the central bank showed. The bad loans accounted for 15.38 per cent of the outstanding loans.

A number of NBFIs have recently failed to repay depositors despite their funds reaching maturity.

A BB official said the latest directive was in line with another issued for banks in 2009, which aimed at ensuring that the board of directors become aware of findings of BB inspection.

Similarly, the NBFIs will have to present BB inspection findings to the boards holding the special meeting, said the official.

Daraz to launch

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users on our platform across our five markets and made huge progress on user experience," Mikkelsen said.

"Our focus for 2022 is to further raise the bar for great customer and seller experience, and to engage more women in the marketplace - both as customers and sellers."

The impact of the pandemic remained a key challenge in 2021.

"At the same time, we are fortunate that more than 70 per cent of our deliveries are carried out through Daraz Express (DEX) - our very own digitalised logistics arm."

So, therefore, the company had greater control over the flow of goods, he said.

"Another huge topic is seller education. As seller sign-ups have accelerated during the pandemic from all areas of the country, we have had to intensify our investments in Daraz

University to educate sellers on e-commerce operations and ensure a good customer experience," Mikkelsen said.

Over the past six years, Daraz has grown so much and the company wants to evolve the brand to showcase how it is shifting gears as a business.

Today, e-commerce in South Asia represents only 2 per cent of total retail sales and in Bangladesh it is less than 1 per cent, said Daraz Bangladesh's Syed Mostahidul Hoq.

"This signifies the vast growth opportunity that we have and the unique position Daraz is in to further elevate the standards of the commerce industry in South Asia, as we leverage our expertise and knowledge in online commerce to drive improvements."

Some of the key ways in which Daraz Bangladesh is redefining the country's e-commerce industry include the launch of DEX

in 2018, Hoq said.

Daraz Bangladesh recognised the logistical challenges facing small businesses in each of the company's markets, including Bangladesh, and built DEX to digitise the e-commerce supply chain for better efficiency, he said.

"Since its launch in 2019, users have quickly shifted to this new payment method. Coupled with the onset of Covid-19, we expect a continuous growth in the adoption of digital payment methods," he said.

Bangladesh has been one of the fastest growing economies in the world in the past decade and is an important market for the company, said Hoq.

The company's purpose is to 'Uplift communities through the power of commerce', and we believe education is the key enabler to truly unlock the potential of Bangladesh as well as the region, he said.

"Our Daraz University,

for example, gives entrepreneurs and SMEs the skills they need to unlock their business online. Through the online learning centre, we offer personalised and localised courses on all facets of the e-commerce ecosystem, and it allows sellers to gain certification from leading universities free of cost."

Over the last 12 months, the company has made significant progress in creating further value at each stage of the customer experience, he said.

With a population of 167 million, a young urban population, and an internet penetration at a rate of 41 per cent, we believe that Bangladesh's digital economy is now at an inflection point, he said.

"In line with this belief, Daraz is committed to working together with the Bangladeshi government to fuel the growth of digitalisation and e-commerce in the country."

Ice cream market

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invested, creating more than 10,000 opportunities for both direct and indirect employment, Ahmed added.

Seven companies, namely Igloo, Polar, Lovello, Kwaliti, Za n Zee, Bloop, and Savoy are available in the market, catering to a domestic demand of about six crore litres per year.

Igloo is the market leader with a 38 per cent share followed by Polar with 27 per cent, Lovello with 14 per cent, and Kwaliti 9 per cent.

The remaining market share is divided between other companies, according to industry insiders.

There is no credible data regarding total investment in the sector but it is believed to be no less than Tk 3,000 crore.

Before the pandemic hit, the industry had achieved total growth of about 15 per cent in the past few years,

Ahmed said.

However, the per capita consumption is still just 333 millilitres per year, he added.

Ice cream companies collectively offer around 40 variants, including sticks, cups, cones, sorbets, tubs, cakes, and more.

Among these variants, vanilla flavoured ones are the most highly consumed in Bangladesh.

The industry is mainly import dependent for raw materials like milk, milk fat, vegetable fat, and sugar that come from Europe, Australia and New Zealand. Saiful Islam, general manager of Kwaliti Ice Cream, said sales increased significantly with the slowing coronavirus infection rate but profit margins fell due to higher ingredient and transport costs.

According to him, unhealthy competition among market players is

also affecting business.

AKM Zakaria Hossain, company secretary of Taufika Foods and Lovello Ice-cream, said since the country was not severely hit by Covid-19, the industry was able to quickly recover.

He now hopes the disease will not resurge as it has in the past and the robust sales growth will continue as Ice cream is becoming more popular among all ages.

Besides, ice cream is a favoured product among retailers as it is easy to store and make good profit.

"This is helping the market grow rapidly," Hossain said.

Nirmal Chandra Sardar, company secretary of Golden Harvest Ice-Cream Ltd (Bloop), said ice cream manufacturers witnessed better sales in 2021 compared to previous years despite having had one of the worst periods the year before.