

AUTO COMPONENT MARKET IN BANGLADESH

Market size in 2021:
Tk **1,500cr**

Annual growth rate:
10-12%

Market size tripled since 2010

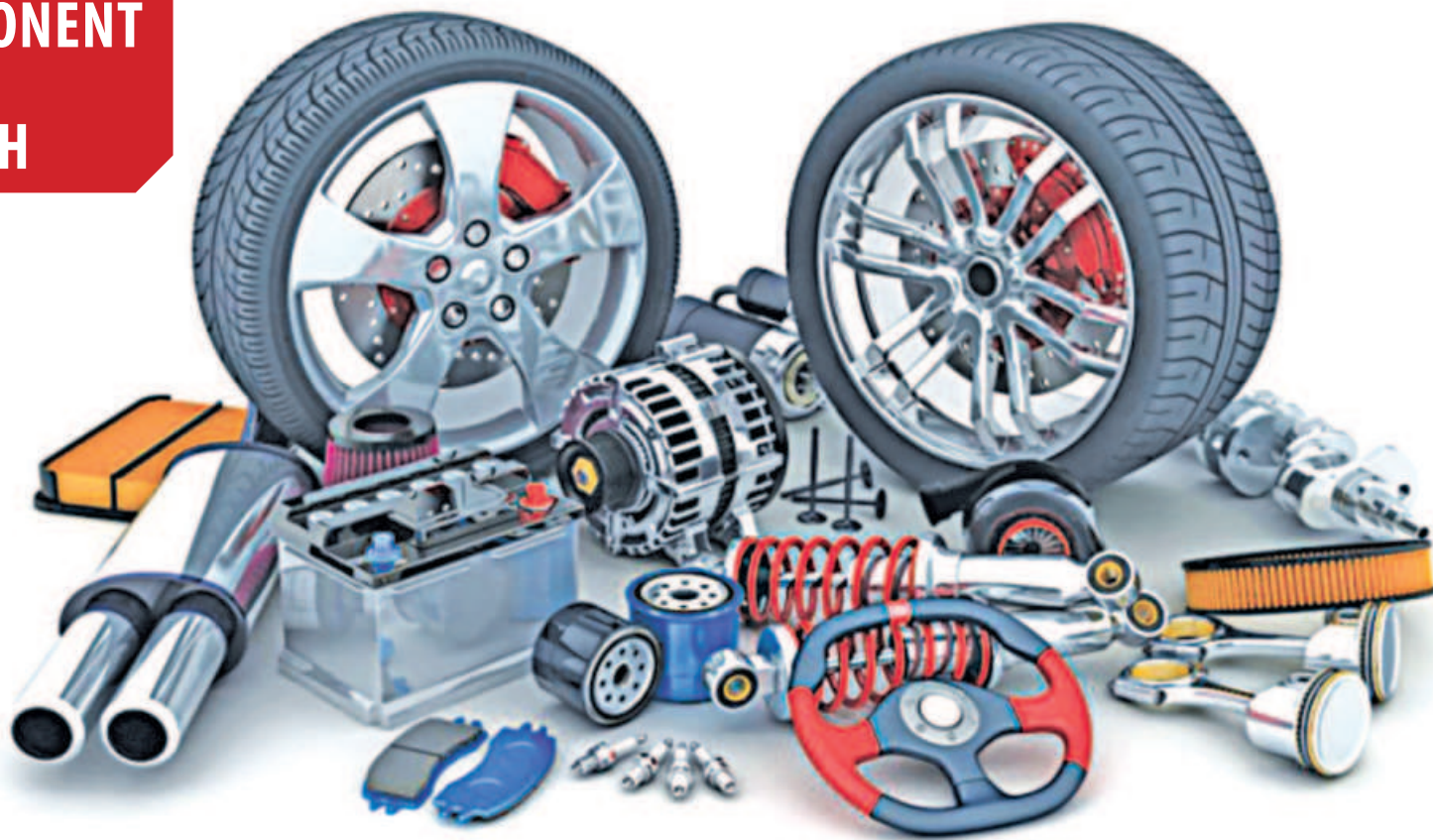
At least **200** traders import auto parts

Indian automakers dominate market for

Commercial vehicles

CNG-run three-wheeler

Two-wheeler



European wheat prices hit record high after Ukraine invasion

AFP, Paris

The price of wheat smashed its previous record high in European trading on Thursday as Russia invaded Ukraine, putting a question mark on the future of exports from two of the world's biggest producers of the key commodity.

Wheat soared to 344 euros (\$384) a tonne, far above its previous record of 313.5 euros recorded late last year, said Edward de Saint-Denis of the brokerage firm Plantureux & Associates.

It later fell back to around 320 euros a tonne. The price of corn meanwhile shot up to 304 euros a tonne.

Agricultural commodities are usually much less volatile than stocks or oil, but have recently seen spectacular spikes and drops provoked by Russia's looming invasion of Ukraine.

The stakes are especially high for wheat, with Russia being the world's top exporter and Ukraine the fourth, according to estimates by the US Department of Agriculture (USDA).

The consequences for agricultural markets of Russia's invasion of Ukraine on Thursday, which provoked threats of broad sanctions against Moscow from the West, are still difficult to predict.

"It is totally unprecedented," said Sebastien Poncelet, an analyst with the French consultancy Agritel. "When we see that there are explosions in Odessa, which is the main Ukrainian port, we must assume there will not be much grain loaded there today," he said.

When Russia annexed the Crimea peninsula in 2014, then backed pro-Moscow separatists in Ukraine's east, prices rose by 15-20 per cent, before falling back after four to five months.

Indian auto parts makers see opportunities aplenty

JAGARAN CHAKMA

Ayush Jain, managing director of Delhi-based automotive component manufacturer Kube Autotech Pvt, had no idea about the growing aftermarket sales in Bangladesh.

Participating at a daylong "India-Bangladesh Auto Component Show" at the InterContinental Dhaka in the capital yesterday opened the doors to many possibilities for him.

Kube Autotech has been supplying brake shoes to 15 two-wheeler makers in India for the past 25 years.

"I concentrated on the local supply in India as the market is very big and has over a dozen two-wheeler manufacturers. So, I did not think about export," said Jain.

He sees a bright future for exporting goods to Bangladesh, saying that a number of auto component retailers had contacted him showing interest in directly importing goods.

The fair, jointly organised by the Bangladesh Automobiles Assemblers and Manufacturers Association (BAAMA) and the Automotive Component

Manufacturers Association of India (ACMA), showed prospects to others too.

Himanshu Chhabra, deputy manager of Makino Automotive, India, said he provided all kinds of wheel solutions and provided supplies to all two and three-

"It's important to move locally to produce automobile components to make the country's transport sector dynamic. And now it is the best time to start,"

wheeler makers in India.

He said Makino Automotive has been exporting aftermarket components to Bangladesh for over a decade and they have two distributors who import components worth crores of taka per year.

"We want to expand the market in Bangladesh and it is possible... the market size is growing rapidly as more vehicles are being purchased by the people of

Bangladesh than before," he said.

The growing demand for aftermarket auto components is noticeable due to the increasing number of automobiles, he said.

He, however, was yet to take a decision on whether he would manufacture his products here.

Anshul Khari, senior manager (export) at Minda Corporation, said they participated in the fair to explore the market in Bangladesh.

He said a number of had people contacted him, showing interest in importing components to Bangladesh.

Market exploration was also in the mind of Abdul Hussain, export sales manager of Mumbai-based auto component manufacturer AECO Engineering Company.

Talking to The Daily Star, Abdul Matlub Ahmad, president of the BAAMA, said the aim of the fair was to generate interest in both foreigners and locals in investing in manufacturing auto components in Bangladesh.

"It's important to move locally to produce automobile components to make the country's transport sector dynamic. And now it is the best time to start," he said.

Dalal Plus refunds Tk 17.74 lakh

STAR BUSINESS REPORT

Tk 17.74 lakh were provided in refunds to 10 customers yesterday over the non-delivery of goods by e-commerce platform Dalal Plus in spite of orders being placed through payments in advance.

Some Tk 34.06 crore of Dalal Plus customers is stuck with different payment gateways over the same issue.

Such platforms had mushroomed since mid-2020, taking advance payments pledging discounts of as much as 70 per cent to 80 per cent.

They all ended up failing to provide neither the products nor refunds.

The number of such unscrupulous e-commerce platforms is believed to be 16 while the amount awaiting return to customers is Tk 3,000 crore.

Since July 1, the advance payments have remained in escrow accounts of the gateways of payment service providers, payment system operators, and mobile financial service providers as per a Bangladesh Bank directive.

Escrow is the use of a third party, which holds an asset or funds before they are transferred from one party to another. The third party holds the funds until both parties have fulfilled their contractual requirements.

Addressing yesterday's refunding initiative organised by the commerce ministry on its premises, Additional Secretary AHM Shafiquzzaman recommended Dalal Plus return all of the money as soon as possible.

It is expected that the other companies will also fast ensure the return for their customers, he said.

Platforms Qcoom and Alesha Mart earlier started their own refunding process.

US rolls out new steps to bolster supply chains

AFP, Washington

US President Joe Biden's administration is set to roll out Thursday new steps to boost domestic production of key materials and address supply chain problems that have contributed to soaring prices over the past year.

The plan includes new financing for ports, small manufacturers and exporters, as well as steps to increase competition in the meat industry.

The moves come on top of previously announced steps to bolster domestic production of critical computer chips that have become symbolic of the pandemic-induced shortages.

"Supply chain resilience is now an enduring national priority," as well as a "national security" issue, a senior administration official told reporters.

The programs, which span multiple agencies and will be announced later this week, include \$10 billion in funding from the US Treasury Department to leverage loans to small manufacturers.

Fast-track projects lag

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"Such information also needs to be regularly updated in tandem with the progress in the project implementation," Iftekaruzzaman said.

The lack of public access to such information is contradictory to the basic principles of democratic accountability and good governance, as well as the provisions of proactive disclosure under the Right to Information Act 2009, he added.

This correspondent went through all the websites on Saturday and found that most do not provide such information.

The Padma Multipurpose Bridge Project, which involves building a 6.15-kilometre bridge over the Padma river at a cost of Tk 30,193 crore, has its own dedicated website and some basic information.

But it does not have any updates on the financials while all it has to show for the construction's progress are some photos and videos.

The website does not contain any information regarding procurement.

The Mass Rapid Transit (MRT) Line 6, the country's first-ever metro rail project, encompasses establishing rail connectivity between Uttara and Motijheel.

Although the project does not have a dedicated website, Dhaka Mass Transit Company, the agency implementing the project, publishes reports on the physical progress regularly on a monthly

basis. The website has some procurement-related information but does not contain updates on the financials.

The Chattogram Cox's Bazar rail link project was undertaken to incorporate Cox's Bazar into the country's rail network by extending a 100km rail track from the port city.

The Tk 1,852 crore project does not have any website. Bangladesh Railway, the project's implementing agency, occasionally publishes monthly progress reports of all projects it has undertaken, including this one.

The latest report is from December last year.

Although the progress report carries physical and financial progress, the website does not contain any other detail of the project.

The 2,400MW Rooppur nuclear power plant, the single largest project undertaken in Bangladesh, is being constructed in Pabna.

The Tk 113,092 crore project has a dedicated website that contains a toolbar titled "project progress". But it does not offer any information regarding the progress.

The website contains some information about contracts but does not give anything over its financials.

Another project is constructing a 1,200MW coal-fired power plant in Matarbari of Cox's Bazar at a cost of Tk 51,854 crore. It

does not have any website.

The website of the implementing agency, Coal Power Generation Company Bangladesh, provides information on the physical and financial progress up to December last year.

But it does not give details on the financials of the contracts. However, unlike any other project, audit reports of the past four years have been uploaded on the website.

The project on the construction of a 1,320MW coal-fired power plant in Rampal of Bagerhat at a cost of Tk 16,000 crore does not have any website.

The website of Bangladesh India Friendship Power Company, the implementing agency, has some basic information but updates on the physical and financial progress could not be found.

Users have to share an email address and the mobile number to access some tabs, making availing information difficult.

The government is implementing two projects worth Tk 8,356 crore that would facilitate another project over building a seaport in Payra of Patuakhali, which was initially planned to be a deep seaport but changed last year.

The projects do not have any website. The website of the Payra Port Authority, the implementing body, only uploaded a progress report for May 2021. There is no information about the contractors or contract figures.

Afzal Hossain, project director of the Padma rail link project, said he would give necessary instructions to officials concerned to update the information.

"Updated information is supposed to be there," said Shahidul Islam, director of the Padma Multipurpose Bridge Project. "Okay, I will see."

"We had started work for developing the website but the individual responsible for it passed away suddenly, causing the delay," said Mofizur Rahman, director of the Chattogram-Cox's Bazar rail link project.

"Our website is now at the trial stage and we will launch it soon."

Abul Kalam Azad, director of the Matarbari coal-based power plant project, said, "As all other coal-powered projects have been cancelled, the website of Coal Power Generation Company Bangladesh is actually our website."

Rezaul Karim, who served as the deputy director of the Rampal power plant project till February 17 and is now working at Bangladesh Power Development Board, a partner of the company that is implementing the project, said he would talk with the officials concerned to update the website.

He claimed that the website contained information on the physical and financial progress up until January. But this correspondent found information on only the physical progress, that too up till December last year.

Businesses fear ripple

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"Our business, especially the export of apparel, will be affected. However, the magnitude of the impact on exports depends on how long the war continues," said Faruque Hassan, president of the Bangladesh Garment Manufacturers and Exporters Association.

Mohammad Ali Khokon, president of the Bangladesh Textile Mills Association, echoed the same.

"Primarily, we will lose the Ukraine market as it is a war-hit country. There is a possibility of losing business in its neighbouring countries as well," Khokon told The Daily Star.

He said local businesses will enter another unstable era because this new global crisis comes amid their recovery from the severe fallout of Covid-19.

Importers said nearly one-third of the global wheat supply comes from Russia and Ukraine.

The two countries also supply a good amount of maize, rapeseed, canola, sunflower oil and pulses, and Bangladesh depends on imports to meet its domestic requirement for such commodities.

Already, oil prices broke above \$100 per barrel while the prices of wheat, soybean seeds, crude

soybean and palm oil for future delivery also surged in global markets.

Local importers said they reduced the number of shipments from Ukraine and Russia in recent years and increased purchases from India because of convenience in transport.

Still, though, Bangladesh will likely face higher prices for grains as prices have shot up amid rising tensions.

"Suppliers are not taking orders for delivery from the region while pending supplies have also become uncertain," said a commodity importer preferring anonymity.

Exporters in India are also quoting higher prices, he added.

Abdul Bashar Chowdhury, chairman of Chattogram-based BSM Group, said not only Bangladesh, but the impact of the war between Russia and Ukraine would fall on the whole world as both countries are major suppliers of food grains and other commodities.

"Definitely, there will be an impact on commodity markets and costs as suppliers in other countries have already increased prices," he said, adding that the crisis has made commodity markets other than that of food grains

volatile as well.

"All have increased prices," said Mostafa Kamal, chairman and managing director of Meghna Group of Industries, citing that an Indian supplier hiked wheat prices by \$10 to \$305 per tonne.

"It appears that there is no respite from high prices of edible oil," he said.

Palm oil prices are now between \$1,600 and \$1,700 per tonne while the cost of soybean oil has skyrocketed to nearly \$1,800 per tonne from \$700 to \$800 earlier.

"No one has witnessed such high prices of edible oil. I do not understand. I have been in business since our independence, but I have never seen such high prices in my life," Kamal added.

Rizwan Rahman, president of the Dhaka Chamber of Commerce and Industry, said many North Atlantic Treaty Organisation members import goods from Bangladesh and so, those exports may be affected.

Rahman went on to say that Russia is one of the country's largest foreign investors in various sectors.

AK Azad, chairman of Ha-Meem Group, said Russia's military operation in Ukraine will disrupt global gas and oil supplies.

Because of the rise in

oil and gas prices, the cost of sales will increase and there will be a big impact on business, said Md Saiful Islam, president of the Metropolitan Chamber of Commerce and Industry.

About 47 per cent of Bangladesh's exports go to EU member countries. If all of Europe is considered, the amount of shipments makes up about 55 per cent of the country's total exports.

"If the war escalates, movement of ships and air flights will be shut and there will be a major impact on global food security," Islam added.

The US, alongside Britain and EU countries, has already imposed sanctions on several Russian banks, which will have a negative impact on Bangladesh's financial sector as well.

Emranul Huq, managing director of Dhaka Bank, said the country's banking sector might not be able to do business with corresponding banks in Russia due to the latest embargoes imposed.

Syed Mahbubur Rahman, managing director of Mutual Trust Bank, said the financial sector would not face any major problems since Bangladesh's bilateral trade with the two warring nations is not significant.

responsible for overseeing their recovery planning process.

The board will review and approve the recovery plan at least annually, and as needed to address significant changes made by the management.

Banks asked

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may subsequently create a major shock for banks.

For instance, declining profitability, decrease in revenue sources, the sudden withdrawal of deposits, decrease in capital ratios and deterioration of asset

quality can put an adverse impact on the financial health of lenders.

If banks timely address the issues by way of having the recovery plans in place, they can avoid any dire consequence related to their financial health,

explained the BB official.

The central bank asked the management of banks to reassess or verify the recovery plan at least annually in response to any probable shock that may hit the lenders' financial health. Banks' boards are