Harvest of maize has started around the country, just a couple of months past being planted in late December. Unfamiliar to farmers even in the early 90s, it is now the second largest cash crop after rice thanks to rising purchases by local mills requiring this key ingredient for making poultry, cattle and fish feed. And according to the Bangladesh Bureau of Statistics, Bangladesh produced 40.15 lakh tonnes of maize in fiscal year 2019-20, up 12 per cent year-on-year. Almost all the grains are used by the feed mills, which require 75 to 80 lakh tonnes annually and also go for imports to meet their requirements.

PHOTO: KONGKON KARMAKER

Elon Musk's move to buy Twitter faces roadblocks

AFP, *Washington*

Even for the richest person on the planet, buying Twitter was always going to be a challenge -- a highly complex financial transaction now made even trickier by a defensive "poison pill" move from the platform's board.

Musk's $43 billion offer lays out the myriad potential pitfalls: possible government approvals, legal as well as regulatory due diligence, negotiations of a final agreement and, of course, how to pay for it all. Then Twitter's board on Friday showed it won't go quietly, saying any acquisition of over 15 per cent of the firm's stock without its OK would trigger a plan to flood the market with shares and thus make a buyout much harder.

"Your move @elonmusk," tweeted Silicon Valley journalist Kara Swisher.

The offer itself, which Musk said was final, values Twitter at $54.20 per share -- above the closing price ahead of his bid, but below a high of $77.06 hit in February of last year.

Even with a moderate and inflexible proposal, which could help the board argue for rejection, it's a fraught moment that could end in lawsuits from just about everyone involved.

To succeed in repelling Musk's offer, the Twitter board will need to be on solid ground making an argument that the company is worth more, said Wharton School finance professor Kevin Kaiser.

Shareholders who feel that the board is rejecting a profitable deal will be free to file lawsuits against Twitter.

Musk has the option of sidestepping the board and trying to buy shares directly from shareholders on the market, but that could lead to tedious negotiations with some stock owners holding out for more money.

"The Twitter board has limited ability under Delaware law to stop a tender offer made directly to the shareholders, which Elon Musk hasn't done, but which he could do if he chose to," Kaiser said.

"If he does this, and if the shareholders elect to tender their shares, then he can succeed without needing board support or approval."

While the serial entrepreneur's net worth is estimated at $265 billion by Forbes, his fortune is not sitting in a bank account waiting to be spent.

Musk said at a TED Conference that he had "sufficient funds" to consummate the deal, but financial analysts describe the situation as more complicated. Much of Musk's wealth comes from shares of electric car maker Tesla, which he runs. Musk would need to turn a chunk of his Tesla holding into cash, either by selling shares or taking out loans with stock as collateral.

"The specifics of how Musk would finance the deal will determine the ramifications for Twitter," Moody's said in a note to investors.

Moody's estimated it would cost Musk $39 billion to buy all the outstanding Twitter shares, and that there would be "a strong chance" he would have to repay or refinance the San Francisco-based company's billions of dollars of existing debt.

That was before the poison pill move by Twitter that ramps up the cost for Musk. Musk tweeted a poll that hinted he might be thinking of taking his bid directly to shareholders.

He asked whether taking the company private for his offered price should be up to shareholders and not the board. As the poll neared its close on Friday, more than 2.7 million votes had been cast with nearly 84 percent of them in favor of the idea.

Selling a massive amount of shares in Tesla to buy Twitter would come with a large tax bill based on capital gains, and could cause shares in the electric car company to sink as the market is flooded with stock for sale.

Musk could keep hold of his shares and get a loan, absorbing the interest payments. Or he could team up with a deep-pocketed partner, but that could come with the strong-willed executive having someone to answer to regarding his decisions at Twitter.

City Bank logs 26pc higher profit

STAR BUSINESS DESK

City Bank's profit rose by around 26 per cent in 2021, when the bank logged Tk 549 crore consolidated profit after tax.

The lender recorded Tk 436 crore profit in the previous year, a press release said.

Based on the fourth quarter (Q4) of 2021 financial performances, City Bank virtually organised its earnings disclosure web cast event yesterday when it is revealed.

City Bank's profit rose to Tk 549 crore in 2021, up from Tk 436 crore in the previous year

The event started with the presentation on recent financial performances of the bank by Md Mahbubur Rahman, additional managing director of the bank.

Existing and potential investors across the globe, researchers and analysts and many other individuals involved in capital market activities joined the event through web platforms.

Mashrur Arefin, managing director of the bank, was present.

Venture capital assoc gets new office bearers

STAR BUSINESS DESK

Shameem Ahsan, partner of Pegasus Tech Ventures, has been re-elected as the president of the Venture Capital & Private Equity Association of Bangladesh (VCPEAB) for a two-year term.

Zia U Ahmed, chairman of VIPB Asset Management Company Ltd, has been elected senior vice-president while Asif Mahmood, managing director of SEAF Bangladesh Ventures LLC, and Shafique-Ul-Azam, managing director of BD Venture Ltd, as vice-presidents, a press release said.

Aftab Ul Islam, board director of Bangladesh Bank, announced the newly elected executive committee for 2022-2024 as the chairman of the election commission at the Start-up Bangladesh Ltd office in Gulshan Dhaka yesterday.

Shawkat Hossain, managing director of Velocity Asia Ltd, Sonia Bashir Kabir, managing director of SBK Tech Venture, Tanveer Ali, chief investment officer of Constellation Asset Management Company Ltd, KH Asadul Islam, managing director of Alliance Capital Asset Management Ltd, and Javed Noor, general manager of IDLC Asset Management Ltd, have also been elected in the new committee.

Syndicate, rationality and price

FROM PAGE B4

That is, today's price contains information about the future. How does it work?

When global inflation looms large, all players in an economy such as consumers, traders, importers, producers etc perceive that prices will rise in future. In such a situation consumers may start over purchasing their supplies today in fear of higher prices tomorrow.

This will surely create demand pressure in the market and price will rise. The traders think that if they sell their goods tomorrow when the prices will be higher, instead of today, they can make higher profits.

So, they will hold their stocks and curtail supply to the market. This will further fuel inflation. Importers may encounter problems in importing as the exporting countries may face the same situation and the government also may ban exporting fearing shortages.

In short, traders in the market may "go slow" anticipating high prices in future and all the forces reinforces each other to push prices up. Note that all the decisions of the players described above are individual decisions.

Price may rise in the absence of any coordination or cartel or "syndicate" and this actually happens just because people think this will happen.

What should the government do? When prices rise in a way it is unfolding now in a market economy, the government does not have many options to act on. The only thing the government can do is to foresee such a situation in advance and stock up on the essential commodities so that it can pose a threat to the market.

That is, if the market goes unruly, the government can intervene in the market with supply to bring down the prices. Government does not necessarily need to intervene all the time; sometimes the threat of intervention is enough to discipline the market. It is argued that the depleted public stock of foods was one of the reasons for high global food prices in 2007-08.

The "mobile courts" in the name of market monitoring does not seem to work in such a situation. This is not simply technologically possible to monitor all physical markets. No government can do this. This is similar to enforcing mask wearing using law enforcing agencies.

As we know it did not work and it is not supposed to work. The use of law enforcing agencies to contain prices generally turns out to be counter-productive. The large traders and retailers may stop trading fearing harassments, which will further escalate the prices. We have seen such events in the period of the military backed caretaker government that wanted to remove the "middlemen" from the supply chain.

However, this analysis does not exclude the fact that there might be market power enjoyed by a few in some markets, particularly in the markets that largely rely on imports (e.g. soybean). Moreover, this market power can be exercised at the upper stream of the supply chains more (e.g. importers) than at the downstream (e.g. traders) as we know that downstream is more competitive than the upper stream. Hence, the spaces where such market power can be exercised cannot be large.

If there is any such exercise of market power, it is the responsibility of the Competition Commission of Bangladesh, not the magistrate or the police to detect and act on it.

I conclude by asking: why is the narrative of "syndicate" so popular? It is obviously an easy scapegoat. We have limited cognitive capacity - ability to amass, store and process information.

Hence we tend to subscribe to the conspiracy theory with greater ease than bearing the costs of understanding an issue deeply because the former demands less cognitive functions. We may also feel better when we think we have found a villain to point our fingers to.

Moreover, the idea of people on the top manipulating things has a class-struggle angle and this makes it more popular and media also seems to cash in on this popularity. The situation turns worse when social and economic commentators also suffer from such cognitive constraints.

The author is a senior research fellow at the Bangladesh Institute of Development Studies. Views expressed here are personal.

Duty erosion may cost $5b in EU

FROM PAGE B1

So, Khan suggested a reduction in trade costs for a smooth operation of the domestic industry in order to overcome the shock the country's export sector would face in the post-LDC period.

He called for mobilising more revenues to make massive investments in developing physical infrastructures and human resources.

Bangladesh needs to bring in policy reforms and implement policies related to tariff, labour, environment, and investment with a view to attracting more investments, from both local and external sources, he said.

The country is scheduled to graduate from the LDC group in 2026, but the EU will continue the duty benefit up to 2029 as the world's largest trade bloc has extended a three-year grace period to pave the way for a smooth transition.

Ahmad Kaikaus, principal secretary of the prime minister, says the government has already formulated plans to tackle the challenges that would stem from graduation.

"There is nothing to be worried about."

In the US, where Bangladesh has not been enjoying any duty-free market access since 2013, the export is growing despite a 15.62 per cent duty, he said.

Tapan Kanti Ghosh, senior secretary of the commerce ministry, says Bangladesh has already ratified all of the conventions of the International Labour Organisation.

"So, complying with labour standards might not be a major challenge for Bangladesh in the post-LDC period."

Syed Nasim Manzur, managing director of Apex Footwear Ltd, suggested providing the same trade benefits extended to the garment sector to other sectors so that they too can grow and the country can diversify its export basket.

Khondaker Golam Moazzem, research director of the Centre for Policy Dialogue, called for expediting efforts to sign free trade agreements with major trading partners to offset graduation-related shocks.

"Bangladesh might be eligible for LDC-related privileges for five more years to 2031 as negotiations with the United Nations and the WTO are underway," said Mozibur Rahman, a former chairman of the BTTC.

Md Sirazul Islam, executive chairman of the Bangladesh Investment Development Authority, recommended the private sector develop human resources in collaboration with the government.

The government should continue fiscal and policy support for the private sector after graduation, said Md Jashim Uddin, president of the FBCCI.

SM Parvez Tamal, chairman of NRB Commercial Bank, virtually presided over the 138th board of directors' meeting and 9th annual general meeting recently. The bank recommended 7.50pc cash and 7.50pc stock dividends for shareholders for 2021. Rafikul Islam Mia Arzoo, vice-chairman, Mohammed Adnan Imam, Mohammed Oliur Rahman, Abu Bakr Chowdhury, Loquit Ullah and AKM Mostafizur Rahman, directors, and Golam Awlia, managing director, were present.

PHOTO: NRB COMMERCIAL BANK

Palak visits Runner's under-construction R&D facility

STAR BUSINESS DESK

State Minister for ICT Zunaid Ahmed Palak recently visited an under-construction research and development facility of Runner Group in Bhaluka, Mymensingh for the manufacture of two and three-wheelers and electric vehicles.

He hoped for the facility to significantly contribute to environment protection along with development of eco-friendly technology, said a press release.

"Soon we will carry out all the experiments," said Hafizur Rahman Khan, chairman of Runner Group.

Monira Sultana, parliament member, Anir Chowdhury, adviser of the ICT Division's a2i Programmme, and Faruq Ahmed Jewel, head of technology for i-Lab at a2i, were present.

Gazprom continues gas exports to Europe

REUTERS

Russian state-owned gas producer Gazprom continued to supply natural gas to Europe via Ukraine on Saturday at the pace of 74.6 million cubic metres per day, in accordance with requests from European consumers, the company said.

This was in line with the 74.5 mcm reported earlier by Interfax news agency, which cited Ukraine's gas pipeline operator.