

Square Pharma directors buying shares

STAR BUSINESS REPORT

Three sponsors of Square Pharmaceuticals PLC have announced to buy 30 lakh shares of the drug company, a move that is expected to boost the confidence of general investors in the bearish stock market.

Samuel S Chowdhury, Ratna Patra, and Tapan Chowdhury announced that they would purchase 10 lakh shares each from general investors within the next 30 working days.

Stocks of Square Pharmaceuticals closed unchanged at Tk 209.8 on the Dhaka Stock Exchange yesterday.

The stock price has almost remained the same in the last one year due to the absence of buyers largely owing to a floor price, economic uncertainty and higher inflation.

In a rare move, the Bangladesh Securities and Exchange Commission introduced the floor price in the middle of 2022 to halt the freefall of indices amid the war between Ukraine and Russia.

A top official of Square Pharmaceuticals, preferring anonymity, said the directors think the stock price is low, so it is time to invest.

The company is making higher profits despite global and local economic uncertainty and many other drug makers struggling to do the same.

Square Pharmaceuticals' profits rose to Tk 564 crore in July-September of 2023-24, up from Tk 500 crore in the first quarter of 2022-23, according to the company's financial report.

German electric car sales plunge in November

AFP, Frankfurt

Sales of new cars fell in Germany in November, official data showed Tuesday, dragged down by plummeting demand for electric vehicles as government incentives ran out.

A total of 245,701 new cars hit the road in Europe's largest economy last month, a drop of 5.7 percent on a year earlier, according to the KBA federal transport authority.

The setback was driven by a 22-percent plunge in sales of battery-powered electric cars, to just under 45,000 vehicles in November.

Moody's cuts China credit outlook, citing lower growth, property risks

REUTERS

Ratings agency Moody's cut its outlook on China's government credit ratings to negative from stable on Tuesday, in the latest sign of mounting global concern over the impact of surging local government debt and a deepening property crisis on the world's second-largest economy.

The downgrade reflects growing evidence that authorities will have to provide more financial support for debt-laden local governments and state firms, posing broad risks to China's fiscal, economic and institutional strength, Moody's said in a statement.

"The outlook change also reflects the increased risks related to structurally and persistently lower medium-term economic growth and the ongoing downsizing of the property sector," Moody's said.

China's blue-chip stocks slumped to nearly five-year lows on Tuesday amid worries about the country's growth, with talk of a possible cut by Moody's denting sentiment during the session, while Hong Kong stocks extended losses.

China's major state-owned banks, which had been seen supporting the yuan currency all-day, stepped-up US dollar selling very forcefully after the Moody's statement, one source with knowledge of the matter said. The yuan was little changed by late afternoon.

The cost of insuring China's sovereign debt against a default rose to its highest since mid-November.



PHOTO: ARLA FOODS BANGLADESH

A feed specialist of Arla Foods shows workers of a dairy farm in Rangpur how to prepare quality feed with a blend of different ingredients since it ensures a better dairy output. Arla is a knowledge partner of Pran Dairy, which collects milk from the farm.

Costly USD, higher inflation hurting dairy industry

Says executive vice-president of Arla Foods

AKANDA MUHAMMAD JAHID

The current economic crisis caused by the higher rate of the US dollar and an elevated level of inflation are affecting the dairy industry in Bangladesh, said Simon Stevens, executive vice-president (international) of Arla Foods, which owns Dano brand.

In an interview with The Daily Star recently, Stevens said the rate of the US dollar has increased by 30 percent against the taka in two years, causing difficulties in opening letters of credit and intensifying import challenges faced by businesses.

"Besides, the continuous inflation rate of over 9 percent is affecting production costs and consumer purchasing power, making it challenging for dairy producers and consumers to limit production costs and affordability."

According to him, the higher inflation on both global and local fronts has impacted the cost points of products.

"We are keeping our pricing as low as possible to reflect the tough economic situation in Bangladesh. However, we also have to recognise that we cannot afford to make losses. Therefore, we need to fix prices to recover the exchange rate fall."

Arla Foods is a Danish-Swedish multinational cooperative based in Viby, Denmark.

Stevens says Arla is the only company in Bangladesh that controls its entire value chain to ensure the best quality milk.

"We have initiated some affordability measures for our consumers. Dano is driving innovative affordability across the industry with its multiple affordable SKU (stock-keeping unit) options. People now have more alternatives to choose from."

He also talks about the key challenges Arla

experiences in Bangladesh.

"We are facing challenges from parallel imports and fake products imitating Arla products. Due to Dano's popularity, some entities copy labels or produce fake products with cheap ingredients, creating barriers in three stages."



Simon Stevens

"Firstly, this is hampering our brand reputation. Secondly, due to parallel import, the government is missing out on significant revenue. Thirdly and finally, the cheap unstandardised products are endangering public health."

Although law enforcement agencies have been proactive in tracking down these products and creating a significant difference, the root cause remains a challenge, he said.

The top official describes Bangladesh as a priority market for Arla where it has been witnessing continuous growth for the past few years.

"We are present in around 130 countries. The fact that Bangladesh is projected as a priority among these is an indication of the country's growth potential in the dairy

industry."

Currently, Bangladesh's economy is going through a rough patch. But Stevens said the nation's resilient nature is expected to help it bounce back.

Dairy consumption in Bangladesh is relatively low compared to other markets, but growth per capita will increase affordability and accessibility for middle-income individuals, he said.

"However, this process may take 10 years or so."

In Bangladesh, Arla Foods is implementing a project to help 10,000 local farmers adapt to the global company's farming model, promoting a green transition towards more efficient dairy practices.

To this end, Arla Bangladesh Ltd is partnering with local giant Pran Dairy, Solidaridad, Integrated Dairy Network Bangladesh, SEGES Innovation, and the Danish Agricultural and Food Council to address issues in milk productivity, quality, and economic output in the local dairy value chain.

"Additionally, we believe that imparting global knowledge to the local dairy sector is the way forward, and Arla Bangladesh has already submitted a proposal to the Department of Livestock for a dairy development pilot project," Stevens said.

"We are interested in working with both public and private sectors to fulfill our commitment to the dairy sector."

He said Arla is committed to introducing innovative nutritional products and ensuring affordability at the bottom of the pyramid.

"We have introduced affordable sachets at Tk 10 and Tk 20, providing them with at least one glass of dairy goodness daily. We are also investing in plant expansion and research and development for new product lines."

Bangladesh's leather exports to benefit from CETP upgrade

Industry people urge efforts from both government and tanners

JAGARAN CHAKMA

The government up until now has allowed two tanneries of Apex and Bay Leather to set up their own effluent treatment plants and other companies are waiting for permission for theirs as well, according to industry people.

The move comes as a part of the government's efforts to reduce pressure on the central effluent treatment plant (CETP) at the tannery industrial estate in Savar, Dhaka by encouraging the private firms to set up their own.

The government and tannery owners should both play a role in upgrading the CETP to realise the full potential of the leather sector through the expansion of the production of associated products, they said.

Bangladesh urgently needs to upgrade effluent treatment systems in the country in order for local leather companies to gain Leather Working Group (LWG) certification, they said.

The LWG is a global body for compliance and environmental certification in the leather and leather goods sector. The certificate is mandatory for market access to Europe, the US and some developed Asian countries.

The LWG certification will open new avenues for local manufacturers to use leather for the manufacture of exportable products, they added.

Of all the leather produced in Bangladesh, 80 percent is exported at low prices to China as local manufacturers cannot use the materials to manufacture export products in the absence of the LWG certification.

Till date, only five tanneries in the country have attained the LWG certification – Apex Tannery, Riff Leather, SAF Industries, Suprex Leather, and ABC Leather.

As per data of Bangladesh Tanners Association (BTA), there are around 200 tanneries in the country and 127 of them are based inside the estate.

These tanneries can collectively produce about 300 million square feet of finished and semi-finished leather each year.

Of all the leather produced, 80 percent is exported at low prices to China as local manufacturers cannot use the materials for manufacturing export products in the absence of the LWG certification.

"The CETP is in operation but cannot fully cover demand during the peak season after Eid-ul-Azha," said Golam Shahnewaz, managing director of Dhaka Tannery Industrial Estate Waste Treatment Company.

"During the peak season, there is a demand to treat 40,000 cubic feet of effluent each day while the CETP has a capacity of up to 25,000 cubic feet," he told The Daily Star yesterday.

At present, the CETP processes some 14,000 to 17,000 cubic feet of effluent per day.

Shahnaz also said there were two ways to increase the treatment capacity – through either government or private tanners' initiatives.

According to him, a detailed project plan for upgrading the CETP's capacity by at least 15,000 cubic feet is underway.

Shahnaz believes that there would be no obstacle for local leather companies to avail the LWG certifications once the CETP's capacity was raised.

Abul Kalam Azad, president of Tannery Workers Union, said tannery owners should set up their own effluent treatment plants if they have the financial capacity so as to reduce pressure on the government and CETP.

READ MORE ON B2



PHOTO: REUTERS

A man rides a scooter past apartment highrises that are under construction near the new stadium in Zhengzhou, Henan province, China.

India to be world's third-largest economy by 2030

REUTERS, Bengaluru

India will remain the fastest-growing major economy for at least the next three years, setting it on course to become the world's third-largest economy by 2030, S&P Global Ratings said in a report.

S&P expects India, currently the world's fifth-largest economy, to grow at 6.4 percent this fiscal and estimates growth will pick up to 7 percent by fiscal 2027. In contrast, it expects China's growth to slow to 4.6 percent by 2026 from an estimated 5.4 percent this year.

India's gross domestic product (GDP) grew a bigger-than-expected 7.6 percent in the second quarter of fiscal 2024, data showed last week, which prompted several brokerages to raise their full-year estimate.