

STOCKS		Week-on-week	COMMODITIES		As of Friday	ASIAN MARKETS				Friday Closings	CURRENCIES					As on Thursday STANDARD CHARTERED BANK
DSEX	CSCX			Gold	Oil	MUMBAI	TOKYO	SINGAPORE	SHANGHAI		USD	EUR	GBP	CNY	BUY TK	SELL TK
▼ 0.91%	▼ 1.01%			\$1,898.97 (per ounce)	\$42.93 (per barrel)	39,982.98	23,410.63	2,533.02	3,336.36		83.95	97.57	108.28	12.31	84.95	101.37
4,872.30	8,337.75														112.08	12.94



# BUSINESS

DHAKA SUNDAY OCTOBER 18, 2020, KARTIK 2, 1427 BS ● starbusiness@thedailystar.net

## Apparel exports to promising Asian markets take a tumble

*Exporters keen to revitalise trade with India, Japan and China*

REFAVET ULLAH MIRDHA

The fallouts from the coronavirus pandemic caused a dip in apparel shipments from Bangladesh to three promising Asian markets -- India, Japan and China -- in the last fiscal year, official figures showed.

In the years before the pandemic, garment exports to India had registered steady growth because of increased demands for the semi-high-end and basic apparel items from the neighbouring country's burgeoning middle class.

Besides, many international brands such as Walmart and H&M have opened retail outlets in India. As a result, garment shipments to the country have risen over the past few years.

However, apparel exports to India declined 15.70 per cent to \$420.73 million in the fiscal year 2019-20 from \$499.09 million the year before, according to data from the Export Promotion Bureau (EPB).

In FY18, Bangladesh had shipped \$278.68 million in garment items to India,

indicating that exports to the neighbouring nation were on the rise despite various non-tariff and para-tariff barriers.

Of the three Asian nations, Japan is the most promising market thanks to its duty benefits.

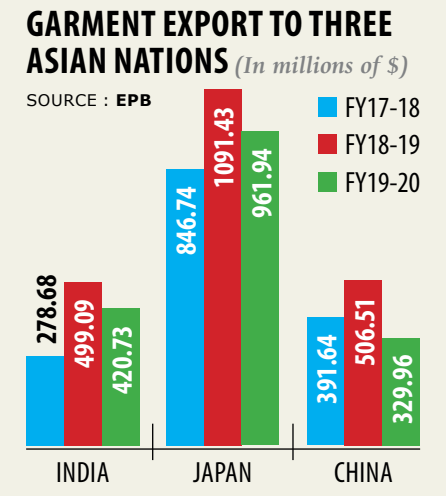
Garment shipments to the world's third-largest economy crossed the \$1-billion mark a year ago but the Covid-19 has forced this value to move below Bangladesh's previous earnings.

Apparel exports to Japan fell 11.86 per cent to \$961.94 million in fiscal 2019-20 from \$1.09 billion a year ago. In 2017-18, Bangladesh exported garment items worth \$846.74 million, EPB data showed.

Garment exports to Japan were growing mainly due to the high demand for woven formal shirts and some knitwear items. Some major Japanese retailers also directly source garment items from Bangladesh through their offices in the country.

Although China itself is the largest supplier of garments worldwide, apparels shipments to the world's second-largest economy from Bangladesh have been rising because of the high demand for the semi-high-end and basic garment items.

Since the rising middle-income groups in China can't afford the high-end garment items manufactured locally, they mostly rely on the garment items produced



by Bangladesh.

Besides, the Chinese government has allowed duty-free access to 97 per cent of Bangladesh's products, including garment items.

Still, garment shipments to China

slumped 34.86 per cent to \$329.96 million in FY20 from \$506.51 million in FY19. In FY18, Bangladesh exported apparel items worth \$391.64 million to China, according to the EPB.

Exporters think that China, Japan and India could be the next major export destinations for Bangladesh's garment items. They are also interested to explore the markets as the government has been providing cash incentives on garment items under the non-traditional markets scheme since fiscal 2009-10.

Thanks to the incentives, the apparel shipment to the Association of South-East Asian Nations (Asean) is growing.

Bangladesh imported 87.66 per cent of its textile from Asian markets to make garments in 2018, said Rubana Huq, president of the Bangladesh Garment Manufacturers and Exporters Association.

That year, Bangladesh imported textile and other items worth \$12.5 billion, of which \$514.50 million was sourced from the Asean countries, she said citing a study.

Expenditure on clothing and footwear in the Asean nations was \$51.2 billion in 2017. In FY18, Bangladesh exported garment items worth \$314.50 million to the Asean region, she added.

In 2016, the combined size of the GDP of the Asean nations rose to \$4,034 billion from \$2,373 billion in 2007. The trade bloc is set to become the world's fourth-largest by 2030.

## Unitex Group to splash out Tk 650cr on new ventures

*Plans to establish chemical, steel and paint manufacturing units in Bangabandhu Shilpa Nagar*

JAGARAN CHAKMA

Unitex Group plans to invest about Tk 650 crore to set up manufacturing plants for chemicals, steel and paint at the Bangabandhu Sheikh Mujib Shilpa Nagar (BSMSN) in Chattogram.

The company has already submitted its investment proposal to the Bangladesh Economic Zones Authority (BEZA), seeking a 20-acre plot at the BSMSN.

"We will start development work on the proposed project after getting the land allotment," said Mohammad Arif, chief financial officer of Unitex, adding that he expects to secure a lease agreement by December.

Of the total investment, a private bank has hinted that it would finance 60 per cent of the project while the rest will be paid through the company's equity.

The plan will be implemented in phases with the steel and chemical manufacturing plants to be constructed first while the paint factory will be established later.

Bangladesh's steel industry is growing in line with the government's development works in the commercial, housing and public sectors.

It is estimated that the sector generates around \$3.6 billion in revenue each year and in 2016, government projects accounted for about 40 per cent of the country's total steel consumption.

### AT A GLANCE



- » Total investment: Tk 650 crore
- » Bank finance: 60%
- » Own funds: 40%
- » Total land: 20 acres
- » Total employment: 1,100
- » Products: steel, paint and chemicals

## Insurance stocks: Sponsors selling, investors still on a buying spree

AHSAN HABIB

While insurance stocks were skyrocketing riding on rumours in the last two months, their sponsors wasted no time in making a quick buck.

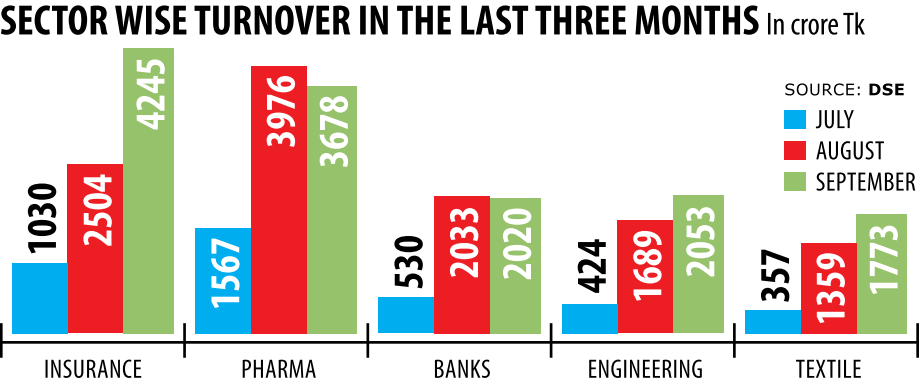
Eight sponsors and directors of seven listed insurers sold 23.73 lakh shares to general investors at prices which were prevailing at that time in the market, which had a cumulative value of around Tk 15 crore.

When sponsors and directors of the companies were selling shares and saying that there was no undisclosed reason for the unusual price hike, general investors were buying insurance stocks based on rumours, according to market insiders.

"The rumour is that gamblers are staying with the stocks, so these stocks would rise," they said.

The insurance sector topped the turnover list along with the top gainers' list in the last two months, data from the Dhaka Stock Exchange (DSE).

General investors should be much more educated on the matter and exhibit more common sense, said a top official of



the Bangladesh Securities and Exchange Commission (BSEC).

He expressed frustration and bewilderment at investors going wild over owning these shares when the company sponsors themselves were selling their stakes.

"Investors should be cautious about their investment, otherwise their investment will fall into problems," the BSEC official said.

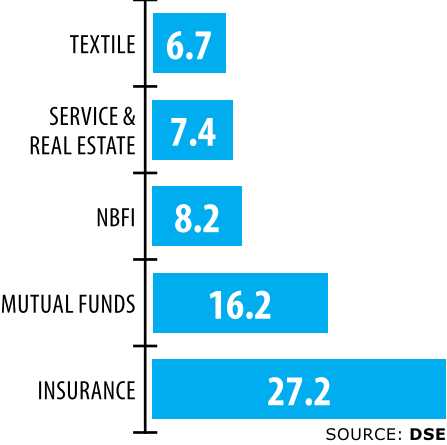
Sponsors can sell their shares while maintaining due process of declaration

and there is nothing illegal about it but the problem lies in investors not realising that it might be risky for them to invest in overvalued insurance stocks, he added.

Almost all insurance stocks doubled during the last two months and the sponsors sold their shares when prices were at their peak.

This scenario was witnessed in the case of Central Insurance, Agrani Insurance, National Life Insurance, Pioneer Insurance, Reliance Insurance, Rupali Life Insurance

### CHANGE IN MARKET CAP IN SEPTEMBER In %



and United Insurance.

Meanwhile, a stock broker said that insurance companies were going to witness higher profits due to lower commission payments to agents.

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## Potential of e-waste recycling remains untapped

*E-waste management rules yet to be finalised*

SOHEL PARVEZ

There is a growing interest among the residents of Dhaka to buy obsolete computers, used batteries of instant power supply (UPS) units and other old home appliances, indicating that the market for recycled electronics is expanding due to the increased generation of electronic waste.

Electronic waste, also known as e-waste, are often rich in precious metals and other reusable materials, such as plastic.

"We can get base metals such as iron, aluminium and copper by recycling e-waste," said Malik Hossain Al-Mamun, general manager of the Azizu Recycling & E-waste Company.

"We are building a recycling plant to recover valuable items for reuse. For example, we will make plain sheet from extracted base metals," he added.

Bangladesh generated about 4 lakh tonnes of e-waste in 2018 and it is estimated that this amount could reach 5.5 lakh tonnes in 2020, according to a Bangladesh University of Engineering and Technology study, sponsored by the Department of Environment (DoE).

With the current growth trend, the volume of e-waste produced annually is projected to be 12 lakh tonnes five years from now and 46

lakh tonnes by 2035.

The study, conducted in 2018, said e-waste was often referred to as an urban mine as it provides a source for several precious metals alongside hazardous ones.

"If the recovery of these precious metals can be performed efficiently in an environmentally friendly way, e-waste no longer remains a waste, rather it turns into a resource," it said, adding that gold recovery using the latest environment friendly technique showed a promising potential.

However, only 3 per cent of the e-waste generated annually is recycled while the remaining 97 per cent is mixed with municipal solid waste and used as landfill, which is very harmful for the environment, the study said.

Akter Ul Alam, an e-waste analyst, said the annual business potential from e-waste was likely to be \$221 million.

"However, the benefits to the environment and human productivity far exceed its financial potential. It is like investing in education, human or food-chain development," he added.

Citing data from the WEEE Forum, a platform for e-waste management firms around the world, Alam said Bangladesh generates 1.3 kilogrammes of e-waste per



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STAR/FILE

capita annually.

To ensure that electronic waste is properly managed, the DoE took an initiative to form rules in 2012. Eight years and several revisions later though, it is yet to be finalised.

Mirza Shawkat Ali, director of climate change & international convention at the DoE, said the formulation of the rules have been delayed as Bangladesh has to comply with another World Trade Organization (WTO) rule requiring the country to notify the association's members before finalising such statutes.

Some WTO member countries had requested bringing some changes to the rules Bangladesh had drafted, including a provision which barred import of old or used electronic items, he said.

Ali also said they have already received some opinions from local stakeholders regarding the observations of some WTO members.

Bringing some subsequent changes but retaining the import bar, the draft rules have been submitted to the Ministry of Environment, Forest and Climate Change, he said.

"We have sought for holding an inter-ministerial meeting for issuance of a gazette in this regard," he added.

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