DBL Group: Championing green production methods

REFAYET ULLAH MIRDHA

INVESTMENT in energy-efficient production technologies pays off in due course -- be it in terms of lower electricity and water bills or lesser carbon emissions.

Take the case of DBL Group, one of the leading garment exporters in Bangladesh, which embraced green methods in a big way and is now reaping the benefits.

Between 2013 and 2014, the company invested $2.4 million to upgrade its facilities, and got the returns within six months, according to its Managing Director MA Jabbar.

"We took up the investment for two reasons -- out of our concern for the environment and to bring down our costs of production."

At present, the company saves about $4.67 million from its lower consumption of water, dyes and energy and lower carbon emission, he told The Daily Star in an interview.

For instance, in 2010, the factory used to consume 119 litres of water for washing a kilogram of fabric, but now it uses 55 litres.

The company has also constructed a green building at Nayanpur in Gazipur, which got the LEED certification from the US Green Building Council.

DBL will begin production in the LEED certified building from the next month, where more than 7,000 workers will be employed.

The embrace of green methods came thanks to the International Finance Corporation's Partnership for Cleaner Textile (PaCT) programme that started in 2011 on a pilot basis.

Under the PaCT programme, which was launched in 2013 on a full-fledged basis, garment and textile makers are advised to adopt modern technologies in factories to reduce water and energy consumption.

The first phase of the PaCT programme, which ran from 2013 through to 2017, was implemented in 215 factories at a cost of $11 million.

DBL was one of the apparel giants that had adopted the programme. Now, the company is participating in its second phase, which will build on the accomplishments of the first phase.

"We have been trying to save water and energy on all fronts, like harvesting rainwater, using less salt, recycling and reusing water, using rooftop solar panels in the factories," said Jabbar.

The group also adopted the programme named Sustainable Action and Vision for better Environment in collaboration with the clothing brand PUMA and Germany's DEG to save water and environment.

The company used 1.86 crore litres of rainwater and saved 2.12 lakh of salt for production of 3.10 lakh kgs of fabrics between May 2016 and September 2017, Jabbar said.

The company will use environment-friendly equipment in the upcoming projects.

DBL has already started developing the Shreehatta Economic Zone at Habiganj that was awarded by the Bangladesh Economic Zones Authority recently.

Construction works of the zone spanning 170 acres of land at Habiganj has already started.

"I am hopeful that the production in the factories on the zone will start from the middle of next year. We are heading very aggressively towards the SEZ," Jabbar said.

DBL will set up four to five big production units of spinning and garment factories on the SEZ.

Currently, DBL has 19 different textile and garment factories in different areas of the country and employs 30,000 workers.

DBL exported garment items worth $400 million in 2016 and is now aiming to hit the $1 billion-mark by 2020, Jabbar said.

In the Habiganj units, DBL will mainly manufacture value-added items like sportswear and lingerie.

DBL supplied fabrics to sportswear giant Adidas as well as to many companies in Sri Lanka.

"I am proud that DBL has supplied its quality fabrics to Adidas for producing sportswear."

DBL is also going to open a garment factory at Mekele town near Tigray region in Ethiopia mainly to enjoy the zero-duty benefit the country gets upon export to major markets like the US and the EU.

Production in the new unit in Ethiopia is expected to begin from February 2018, Jabbar said.

"It was supposed to start from December this year, but unfortunately there has been a delay in the construction of the factory."

DBL invested $100 million on the venture, for which it got the permission from the Bangladesh Bank, Jabbar said.

Initially, DBL will employ 1,700 workers mainly to manufacture knitted t-shirts for the US, the EU and the Middle East market.

"The zero-duty benefit to the major markets is the main reason for setting up the garment factory in Ethiopia," he added.

MA Jabbar

Pharma, medtech industries prepare for hard Brexit

REUTERS, London

DRUGMAKERS and medical devices companies are drawing up plans to protect supply chains in case Britain crashes out of the European Union without a trade deal, and some small service businesses are already relocating to stay inside the bloc.

MeddiQuest, an eight-person consultancy specialising in medical technology regulations, is in the process of moving from outside Cambridge to Ireland.

"A significant part of our business is being an authorised EU representative," Chief Executive Neil Armstrong told Reuters. "Clearly, if the UK is no longer in the EU, we will be no more in the EU than an American company, so we can't be an EU authorised rep."

Armstrong said some rivals were also arranging to set up in Ireland or other EU destinations, including Malta.

Fears of a "hard Brexit" have been heightened after EU negotiator Michel Barnier said last week that talks were deadlocked.

That has fuelled anxieties in a healthcare sector governed by complex regulations and long product development cycles.

Drugmakers are already braced for disruption when the European Medicines Agency is uprooted from London, with politicians due to make a decision on the drug watchdog's new location on Nov. 20.

But Brexit also creates other big uncertainties, including the potential need for retesting of UK-manufactured batches of medicines shipped to Europe, as well as the transfer of UK product licences to European-based entities.

"We're starting to plan for the worst-case scenario," Alan Morrison, vice president of international regulatory affairs at Merck & Co, told an industry conference last week.

"It's a long-cycle business. If we have to plan for product testing in Europe for drugs that are currently manufactured in the UK, that is going to take some time."

Britain has a large pharmaceuticals sector and produces many medicines used in Europe and other countries, including big fast-growing markets like China, where shipments are currently also governed by EU trade arrangements.

A disorderly exit from the EU in March 2019 with no system in place to ensure drug supplies is not what anyone in the British government wants. Indeed, British ministers declared in July they were aiming for continued co-operation in drug regulation after Brexit.

But that requires an agreement on transition terms with the remaining 27 EU countries - something executives across various industries see as far from certain.

AstraZeneca CEO Pascal Soriot said in an interview last month he was worried about "the potential for the one thing I didn't think would happen which is a hard Brexit".

In the absence of a deal, Britain's trade with the EU would revert to World Trade Organization (WTO) rules, under which industrialised countries generally apply zero tariffs for medicines. However, the WTO's drugs list has not been updated since 2010, so newer medicines could still be hit.

Virginia Acha, head of research, medical and innovation at the Association of the British Pharmaceutical Industry, said companies needed to know imminently whether or not there would be a transition period.

Without that information, businesses would start having to put strategies in place to deal with the repercussions of Britain becoming a non-EU "third country".

"We're running out of time," she said. "There may be some companies that decide to push the button now just to fix it."

Back at MeddiQuest, Armstrong says his staff are working flat out to help multiple international companies draw up contingency plans.

"Everybody is planning and regretting the fact they didn't start planning earlier."

Toyota to test self-driving, talking cars by about 2020

REUTERS, Tokyo

TOYOTA Motor Corp on Monday said it would begin testing self-driving electric cars around 2020, which will use artificial intelligence (AI) to engage with drivers, as the company competes with tech firms to develop new vehicles.

The car, whose concept model was unveiled earlier this year at the Consumer Electronics Show in Las Vegas, will be able to converse with drivers, while building up knowledge of users' preferences, habits and emotions through deep learning, the company said.

"By using AI technology, we want to expand and enhance the driving experience, making cars an object of affection again," said Makoto Okabe, general manager of Toyota's EV business planning division.

Facing competition from rival automakers and tech companies to produce self-driving, intelligent cars, Toyota has committed $1 billion through 2020 to develop advanced automated driving and AI technology.

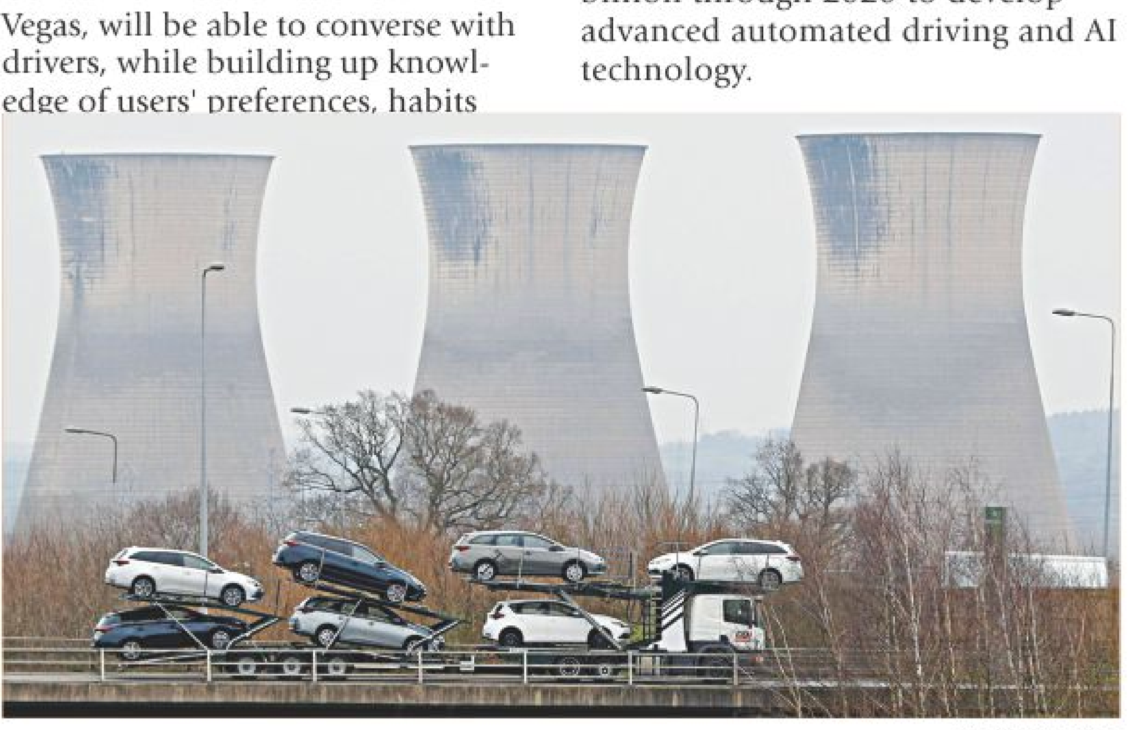
The Concept-i model, a battery-electric car which will have a cruising range of 300 kilometres (180 miles) on a single charge, will be able to estimate the emotions and alertness of drivers by reading their expressions, actions and tone of voice.

Using this information, the vehicle will be able to take over driving responsibilities when necessary -- after assessing the driver is too tired to drive safely, for example -- and also interact with the driver and passengers.

Facing a future where car ownership may be overtaken by new mobility services, automakers are ramping up investment to develop AI capabilities to enhance the driving experience.

Ford Motor Co earlier this year invested $1 billion in Argo AI, a start-up set up by former employees of Uber Technologies' self-driving car development team, to develop an on-demand self-driving car service. General Motors Co has also been investing in AI start-ups.

Honda Motor Co and Softbank Corp announced last year that they were teaming up to use humanoid robotic technology in cars to enable them to communicate with drivers.



REUTERS/FILE

New Toyota cars are transported from their manufacturing facility in Burnaston, Britain.

Internet controls could harm companies, isolate China: German ambassador

REUTERS, Beijing

CHINA'S internet restrictions have struck a "new blow" against foreign companies working there, Germany's ambassador said on Monday, warning that such moves could undermine Beijing's political and commercial ties with the world.

China's ongoing clampdown on cyberspace has seen WhatsApp, the messaging service run by Facebook, periodically unavailable in the past few weeks ahead of twice-a-decade Communist Party Congress that opens on Wednesday.

The government also has been tightening control over virtual private networks (VPNs) that allow users to tunnel through China's "Great Firewall" system, which blocks outlawed online content.

And its controversial Cybersecurity Law adopted late last year has been criticised by foreign business and governments for unclear provisions mandating security reviews and for data to be stored on servers in China.

"Unrestricted internet access via VPN is vital if China wants to take maximum advantage of international cooperation in research and development as well as academic and cultural exchange," German Ambassador Michael Clauss said in a statement.

The higher the digital wall grows, the less attractive living and working in China will be for professionals, researchers or artists, Clauss said, adding that repeated requests to discuss the issue with Chinese authorities "have not led to meaningful dialogue so far".

"In the 'offline' world, our overlapping economic and political interests bring us closer together, but this trend may not be sustainable if excessive cyber controls drive us apart," Clauss said. The Cyberspace Administration of China, which regulates the internet, did not immediately respond to a request for comment.

Chinese officials say the country has a sovereign right to govern the internet as it sees fit, and that its expansive national security and cybersecurity regulations are needed to address threats such as hacking and terrorism.

Fiscal woes, Aramco IPO driving Saudi oil policy: analysts

AFP, Dubai

FACED with dire economic straits due to low oil prices, Saudi Arabia is gearing up for deeper production cuts ahead of its massive Aramco share offering.

Analysts say the cuts aim to rebalance the market after the Opec kingpin lost hundreds of billions of dollars in oil income, posting huge budget deficits in the wake of the 2014 crash in global crude prices.

Saudi Arabia, the world's top crude exporter, is now going a step further by making even deeper cuts to its oil production, long the backbone of the Arab world's largest economy.

A factor influencing Saudi oil policy is the planned sale of close to five percent of national oil conglomerate Aramco in an Initial Public Offering (IPO) next year.

The project, expected to be the biggest IPO in history, is part of a vast economic reform programme aimed at reducing the kingdom's reliance on oil.

A potential rise in oil prices by then will likely earn the kingdom more returns from the sale of Aramco stocks -- but to what extent remains a point of debate among analysts.

For Jean-Francois Seznec of the Atlantic Council's Global Energy Center, the increase in prices will likely be marginal at best but could still boost the value of Aramco.

"The market will not price the shares based on short-term price gyrations, (but) rather on long-term expectations," Seznec said.

Kuwaiti oil expert Kamel al-Harami said current Saudi oil policy is more geared towards the Aramco sale.

"The Saudi policy is somehow directly linked to the planned partial privatisation of Aramco," Harami told AFP.

Aramco, the world's largest company, is being valued at between $1 trillion and $2 trillion, and the five percent sale could generate up to $100 billion.

Saudi Arabia over the weekend quashed Western press reports that the sale could be shelved and insisted the listing is on track sometime in 2018.

Riyadh last week announced it would reduce its production by 560,000 barrels per day from November -- the deepest cut so far after the historic deal by Opec and non-Opec producers to scale back output by 1.8 million bpd.

The deal, passed in November 2016, came two years after Saudi Arabia defended its original market share strategy, which flooded an already oversupplied market and sent prices spiralling.

"Had it not been for this cut, today's oil prices might have been lower than $30 per barrel," said Ibrahim Muhanna, a top aide to former Saudi oil minister Ali al-Naimi.

"Opec, through its alliance with key non-Opec producers, has recently created a new paradigm for managing markets," Muhanna said in a lecture at the Arab Gulf States Institute in Washington last month.

Saudi Arabia, a G20 member, has come under extreme fiscal pressure since the oil market crash, posting $200 billion in shortfalls in the past three years, withdrawing an estimated $245 billion from its reserves and revisiting the debt market.

The kingdom has also introduced a series of price hikes, imposing fees on expats and preparing to introduce VAT in the new year.

Oil prices, and consequently revenues, rose after the six-month production cut deal, which has since been extended for another nine months until March.

Saudi Arabia and its partners are now hoping to extend the deal further and are ready to make even bigger cuts if needed after having taken a hit under the market share policy.

"Protecting market share does not really work," said Seznec of the Atlantic Council.

In a world of replaceable commodities, like oil, "once you have market share, you will always lose it to a lower price".

"Now the Saudis seek... an arrangement with Russia, to have some control on prices," Seznec told AFP.

The kingdom's assurance that its exports in November will be 7.2 million bpd, the lowest in five years for this period, is proof of a shift away from the market share policy.

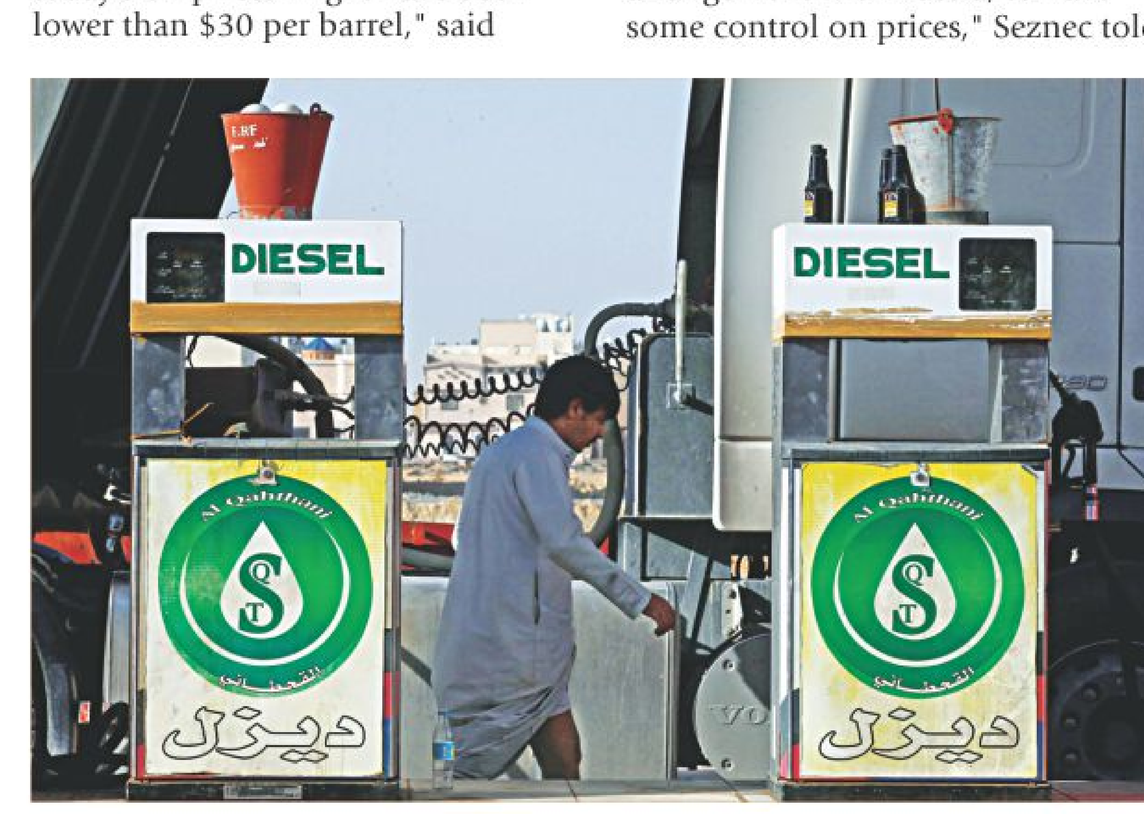
"That policy is dead and buried," Kuwaiti oil expert Kamel al-Harami said.

"Now, we are witnessing a new era based on a new relationship between Opec and non-Opec producers and centred around a Saudi-Russian understanding," Harami told AFP.

Analysts say Saudi Arabia is looking at the price of around $60 a barrel, on condition Riyadh can secure support and commitment from Opec and non-Opec producers.

"We even might hit $60 per barrel before the end of this year or the beginning of next year," said Saudi oil expert Muhanna.

Crude prices made key gains in the past few weeks, rising above $58 a barrel, substantially above its level at the start of 2017.



REUTERS/FILE

A man walks at a petrol station in Riyadh, Saudi Arabia.