

BIMAN AT FARNBOROUGH AIRSHOW



A Boeing 787-8 Dreamliner aircraft of Biman Bangladesh Airlines is being showcased in flying displays at the prestigious Farnborough Airshow in Britain on July 16. Boeing 787-8 is one of the two Dreamliners that will be added to Biman's fleet next month.

REUTERS

US to respond to concerns over trade policy at G20

AFP, Washington

US Treasury Secretary Steven Mnuchin will have the opportunity to address concerns about Washington's trade policies during a meeting of the world's leading finance ministers this weekend, a senior Treasury official said Tuesday.

However, the official said Mnuchin has no plans for a separate meeting with Chinese officials to try to resolve the trade conflict that has led to an exchange of tariffs on tens of billions of dollars in trade between the two countries.

Finance ministers and central bankers from the Group of 20 leading economies are due to meet in Buenos Aires Saturday and Sunday, where Mnuchin "will respond to concerns on US trade policies," the official told reporters in a conference call.

Group of Seven officials on hand for the broader meeting will also hold a one-hour session during which they will again discuss "concrete action with regard to China and its economic aggression," the Treasury official said.

That includes subsidies China used to create excess steel production capacity "burdening workers around the world," as well as heavy reliance on state-owned enterprises and export credits, the official said.

President Donald Trump has taken a confrontational stance on trade policy, imposing steep tariffs on steel and aluminum, which angered allies and prompted swift retaliation, as well as 25 percent duties on tens of billions of Chinese goods, with more on the way.

Although Mnuchin recently testified to Congress that the administration is willing to reengage with Beijing to try to resolve the dispute, the Treasury official said no meeting was scheduled with his Chinese counterparts.

"The secretary has had substantial contact with Chinese officials so there's not the imperative at this meeting to have a formal bilateral," the official said.

The trade tensions are caused by China's policies that "have moved in a non-market direction over the years and creates problems for many countries," the official said.

The International Monetary Fund said this week the growing trade confrontation is the "greatest near-term threat to global growth" and in the worst case could cut a half point off world GDP.

Mnuchin will hold separate bilateral meetings with officials from France, Canada, Germany and Mexico, among others, while at the G20.

He also will stop in Brazil on his way to Argentina for meetings there.

Transformation at the speed of thought



ARIJIT CHAKRABORTI

BUSINESS leaders tend to be visionaries. They know where their businesses are going today, and they are supposed to know where they want to go tomorrow. Their ability to lead that journey of tomorrow is significantly important for the relevance of their business. In today's globalised business world, such journeys are often transformative and demand high speed. The same holds true for the business of apparel manufacturing in Bangladesh.

In fact, the apparel manufacturing industry is on the cusp of disruption. Bangladesh's export revenue from this sector has grown more than seven times over the last two decades, as per data from the World Bank. The export revenue from this industry contributes more than 80 percent of the national export revenue, and the revenue is equivalent to 12 percent of Bangladesh's GDP. Hence, it is important that the business leaders of this sector lead the transformation rather than being disrupted.

Automation has become a significant disruptive force in the apparel manufacturing sector. Until a few years ago, automation would occur through the installation of new machines in plants. Such automation was largely focused on improving productivity, quality and safety. The

new generation of machines have in-built robots. Like skilled human workers, these machines are capable of performing more complex tasks and are flexible enough to perform different types of tasks based on the output requirements. As a result, the machines are driving change in the factory layout, deployment of workers and even production schedule.

Cheap labour has been a significant competitive advantage for the apparel manufacturing companies in Bangladesh. However, the cost of labour has been increasing consistently over the years due to increased wages. At the same time, technological advancements have made machines cheaper and better, resulting in a good part of the apparel manufacturing process becoming immune to the cost of labour.

Thus, such manufacturing processes can be set up anywhere in the world, preferably nearer to the market instead of in a faraway location like Bangladesh.

The second competitive advantage has been the favourable tax treatment facilitated by the importing countries. With the economic development of Bangladesh, such favourable treatments are also likely to go away, leaving apparel manufacturing companies to compete with other large manufacturers located in China and India. Also, many importing countries may start rewarding their domestic production facilities to boost the local economy, thus making business for Bangladeshi companies more difficult.

The third competitive advantage has been the flexibility in adapting to buyers' needs. For most of the apparel manufacturing companies in Bangladesh, buyers dictate a good number of manufacturing operations, including input materials, production

processes and output designs. While that helped the companies grow rapidly, it created limited capability on value such as apparel design, manufacturing process definition and supply chain development. Unavailability of such capabilities is going to erode the competitive advantage of these apparel manufacturing companies.

Today, the question for business leaders is where do they want their businesses to go tomorrow? Unless they wish to be disrupted by others, they need to transform themselves with speed and agility. Rather than being followers, they need to lead and develop new competitive advantages.

The apparel manufacturing factories in Bangladesh have been installing new machines to increase capacity or replace existing machines. A good number of apparel manufacturing companies use some software application to track and monitor orders, but a small number of them use a standardised enterprise application. Choosing the right kind of standard enterprise applications and implementing them fully will be instrumental in increasing the efficiency of the manufacturing processes. This will also help these organisations develop control and visibility over their manufacturing processes.

The absence of comprehensive visibility into the production status is an area that may constrain scale and future growth. Most of these companies run a manual to semi-automatic reporting process that delivers reports to the executives using old data. The modern manufacturing process requires reporting based on the most recent data. Such reports help executives take better decisions faster and such decisions help organisations



STAR/FILE

Machines are driving change in factory layout, deployment of workers and even production schedule.

stay nimble and agile. Agility and nimbleness are no longer optional characteristics for the leading organisations operating in the global arena. Rather, they will be vital to survival in the near future.

The most important element of staying relevant in the market is to have a strategy for value creation. The fourth industrial revolution is changing the landscape of value creation in a significant way. Value is being generated by digitalising existing products and services, creating new products and services on the digital platform, and integrating the existing value chains digitally. Apparel manu-

facturing companies need to embrace all of these changes to retain their position in the global market. Embarking on the digital transformation journey will be key to a successful future.

Finally, the government and national agencies should also focus on developing the competitive advantage of this sector. Given the high reliance on a single sector for export revenue, stakeholders should assist and govern these companies to enable them to remain successful in the global market. The stakeholders should not shy away from recommending difficult measures instead of

making populist choices. The stakeholders should also have a plan to manage the risk of stagnating export revenue in case the apparel manufacturing sector fails to grow or, in a worse situation, declines in the coming years.

The apparel manufacturing sector has gained significant economic importance for the country. The technology-led transformation of this sector will help it develop a new competitive advantage both for itself as well as the nation.

The writer is partner at PwC. The views expressed here are personal.



BANK ASIA

Arouf Chowdhury, chairman of Bank Asia, opens the bank's 127th branch—Bank Asia Tower Branch—at Karwan Bazar in Dhaka yesterday.

Bank Asia opens Tower Branch

STAR BUSINESS DESK

BANK Asia yesterday opened a new branch—Bank Asia Tower Branch—at Karwan Bazar in Dhaka on the lender's own property.

Inaugurating the branch as chief guest, Arouf Chowdhury, chairman of the private commercial bank, said, "This is not only the bank's 127th branch, it is the most important place for the bank. It will be Bank Asia's corporate head office soon."

"I think now the bank stands on a strong foundation with its innovative board of directors and skilled management team," Chowdhury said.

The tower is a 12-storey building with a four-storey basement. The bank bought the property in 2005.

For Chowdhury, the tower was a dream come true, as he wanted to buy a piece of land

in Dhaka with a view to setting up the bank's head office.

Md Arfan Ali, president and managing director of Bank Asia, said the bank's activities have expanded manifold over the years.

Established in 1999, Bank Asia is the country's first private bank to take over operations of foreign banks—Canadian Nova Scotia and Muslim Commercial Bank of Pakistan.

Anisur Rahman Sinha, former chairman of Bank Asia; Zakia Rouf Chowdhury, executive vice chairman of Rangs Group; Rumee A Hossain, chairman of the executive committee of the bank, and Dilwar H Chaudhury, a director of the bank, also spoke.

Enam Chowdhury, a director of the bank, Amiran Hossain, a director of Rangs Group, and Syed Anisul Huq, former president and managing director of Bank Asia, were also present.