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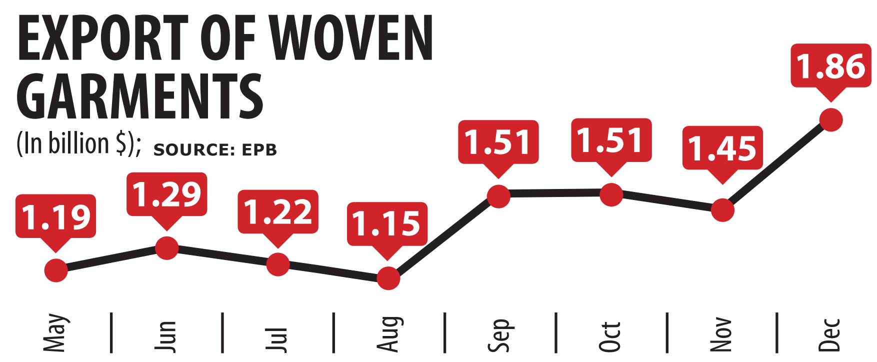
Star BUSINESS



Why WOVEN Exports rose

- Economies in Europe and US reopened
- Demand for formal dresses going up
- Work orders are increasingly shifting to Bangladesh

RMG SHIPMENT AT A GLANCE

- Woven shipment rebounded stunningly
- Woven export was 10% negative in the last 18 months
- Orders shifting from China, Vietnam, India and Pakistan to Bangladesh
- Exporters expect even higher shipment in 2022
- Knitwear maintained steady growth during pandemic
- High raw materials prices and freight charge eating up profit
- Omicron is a potential threat to garment export to the West

WOVEN GARMENT EXPORT makes a strong comeback

REFAYET ULLAH MIRDHA

The stunning rebound of woven garment export after one and a half years helped lift merchandise shipment from Bangladesh in the just-concluded year, helped by rising demand and inflow of increased orders.

With the improvement of the Covid-19 scenario worldwide, which prompted people to return to work and take part in formal events, the woven shipment began recovering from August after going through more than 10 per cent negative growth months after months for 18 months.

In August, woven exporters fetched $1.15 billion, registering 4.48 per cent year-on-year growth.

December's receipts were even better as Bangladesh broke records after bringing home $1.86 billion, the highest in a single month and up 48.17 per cent year-on-year, according to data from the Export Promotion Bureau yesterday.

What is more, woven shipment grew to $8.74 billion in the second half of 2021, an increase of 24.50 per cent compared to the same period a year ago.

Desh Garments, the country's oldest garment factory, which mainly ships woven shirts, had nearly 75 per cent of its business non-existent up to June last year since the beginning of Covid-19 in 2020 as international retailers and brands were not placing adequate orders as demand plummeted.

The shipment started picking up gradually from June with the reopening of the economies worldwide. And at the end of 2021, the export receipts of the company from the shipment of woven shirts witnessed 60 per cent growth.

"The prospect for 2022 is bright as buyers are placing orders with local manufacturers in higher numbers," said Vidiya Amrit Khan, deputy managing director of Desh Garments.

Shahidullah Azim, managing director of Classic Fashion, which makes woven shirts and trousers, says international retailers and brands are placing a lot of work orders for woven items.

However, since the local weavers can supply only 40 per cent raw materials for woven garments, manufacturers have to rely on Chinese suppliers for the rest of the fabrics.

"Any disruption to Chinese supply chain may severely affect Bangladesh's garment shipment. So, local garment manufacturers need to strengthen their capacity in the woven sector."

With the improvement of the Covid scenario worldwide, the woven shipment began recovering from August after going through more than 10 per cent negative growth for 18 months

Khan is a bit worried about the spread of the new variant of Covid-19, Omicron, in her main export destinations in Europe and the US, also the two main overseas markets of Bangladesh.

She is also not happy with European and US buyers' demanding discounts on the excuse of fallouts of Covid-19.

Faruque Hassan, president of the Bangladesh Garment Manufacturers and Exporters Association, is hopeful about the continuation of the current pace of exports.

"Work orders were not cancelled or suspended because of Omicron yet, but still it is a matter of worries for us as European and American buyers, retailers and brands may shut their outlets if the situation worsens."

Another challenge is abnormal hike of freight charge, which increased as high as 500 per cent.

"If the freight charge does not come down, garment manufacturers' profit margin will fall further," Hassan said.

The price of raw materials such as yarn surged in 2021, affecting the garment shipment.

"The higher raw material prices and the abnormal freight charge may hurt the garment shipment in 2022 as well," Hassan warned.

Knitwear export maintained more than 15 per cent growth during the peak of Covid-19 as people were confined to homes in many countries because of stay-at-home orders.

Fazlul Hoque, managing director of Plummy Fashions Ltd, one of the greenest garment factories in the world that mainly produces knitwear items, witnessed 30 per cent growth in 2021 compared to 2020 as the international retailers and brands placed more work orders in his factory.

"I am expecting the growth to continue in 2022 as I have bagged more work orders from my buyers," he said.

Export hits fresh peak

REFAYET ULLAH MIRDHA

Export earnings hit a new record in December as manufacturers fetched almost $5 billion, backed by the surge in demand from international retailers in Europe and the US.

Last month's earnings were 48.27 per cent higher year-on-year as exporters raked in $4.9 billion. It was $3.3 billion in the same month in 2020, according to data from the Export Promotion Bureau yesterday.

December's receipts surpassed the previous single month highest export of $4.72 billion in October last year.

Thanks to the robust export earnings, overall exports grew 32 per cent year-on-year to $44.22 billion in 2021 from $33.6 billion in 2020.

The government's bold decision to allow factories to run during the peak of the pandemic helped raise the shipment as many factories around the world were shut, exporters say

Exports are setting fresh records almost every month because of the higher shipment of goods, especially garment items, thanks to the reopening of western economies following the improvement of the Covid-19 situation.

Exporters attribute the government's bold decision to allow factories to run during the peak of the pandemic for the significant rise in the shipment as many factories around the world were shut.

EPB data showed earnings grew 28.41 per cent to $24.69 billion between July and December, the first six months of the current fiscal year.

Garment shipment rose 28.02 per cent to $19.9 billion. Of the sum, $11.16 billion came from knitwear sales, up 30.91 per cent, and $8.73 billion from woven items, an increase of 24.50 per cent.

"The upward trend of garment export will continue up to June this year as we have received plenty of orders," said Faruque Hassan, president of the Bangladesh Garment Manufacturers and Exporters Association.

READ MORE ON B3

STOCKS

DSEX ▲	CSCX ▼
1.42% 6,853.13	1.97% 12,046.74

COMMODITIES

AS OF FRIDAY

Gold ▲	Oil ▼
$1,815.77 (per ounce)	$75.35 (per barrel)

CURRENCIES

STANDARD CHARTERED BANK

	$ USD	€ EUR	£ GBP	¥ JPY
BUY TK	84.85	95.43	113.97	13.11
SELL TK	85.85	99.23	117.77	13.78

ASIAN MARKETS

FRIDAY CLOSINGS

MUMBAI	TOKYO	SINGAPORE	SHANGHAI
▲ 0.80% 58,253.82	▼ 0.40% 28,791.71	▼ 0.09% 3,123.68	▲ 0.57% 3,639.78

IFIC Bank to sell entire stake in Nepal lender

AKM ZAMIR UDDIN

IFIC Bank is set to sell its more than 40 per cent stake in a Nepalese bank as it no longer sees its business in the Himalayan Kingdom viable.

Nabil Bank, a private lender in Nepal, will acquire Nepal Bangladesh Bank Ltd (NBBL) where IFIC Bank holds 40.41 per cent stake.

IFIC Bank has already taken decision to sell the stake to withdraw its investment.

The bank has commenced negotiation to sell its entire shares of NBBL, according to a regulatory filing by IFIC Bank on the website of the Dhaka Stock Exchange (DSE) yesterday.

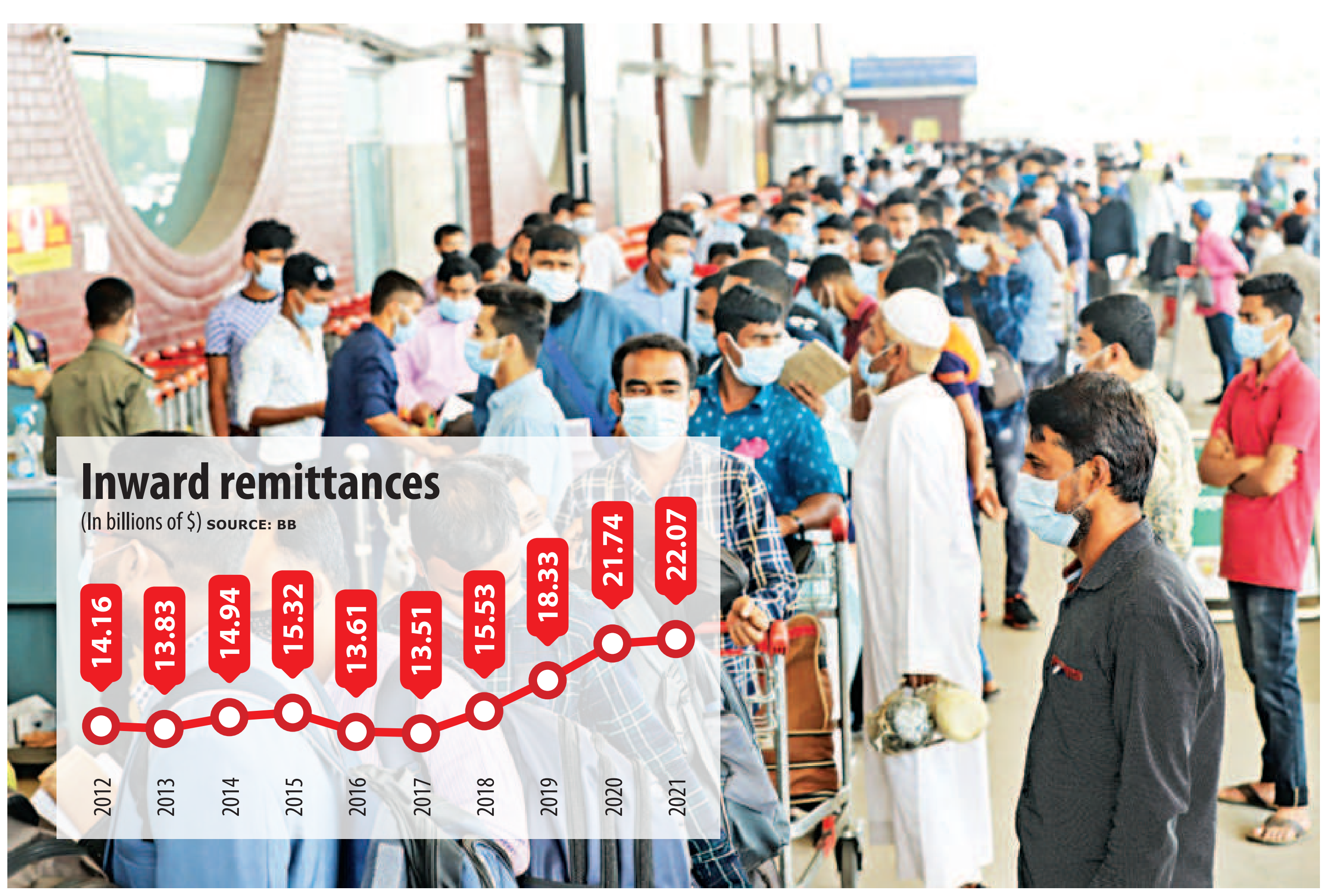
A memorandum of understanding has been signed in this regard with a prospective buyer, it said. IFIC holds around 4.12 crore shares at NBBL.

Binod Chaudhary, the founding investor of Nabil Bank, will buy the shares of IFIC Bank, according to media reports in Nepal. A joint merger committee has been formed to complete the merger of the two banks.

Chaudhary, the richest man in Nepal as well as the first billionaire in the country, will buy the shares after the merger deal.

The MoU was signed on December 29, and two separate meetings were held at IFIC Bank and NBBL a day later. A number of officials of IFIC Bank said their investment was not viable. They, however, gave no reasons.

READ MORE ON B3



Migrants queue outside Hazrat Shahjalal International Airport in the capital for their flights following the easing of lockdowns in the middle of last year. Manpower export has increased recently, which will play a positive role in pushing up remittance in the days ahead, an expert said.

PHOTO: STAR/FILE

Remittance up slightly

STAR BUSINESS REPORT

Remittance inflow made a slight year-on-year increase in the just concluded year in spite of the flow being slow in the last couple of months.

Expatriate Bangladeshis sent $22.07 billion last year, up 1.52 per cent year-on-year, according to data from Bangladesh Bank.

But experts said there was no scope for complacency as remittance recorded a substantial decline in recent months.

Remittances narrowed 21 per cent year-on-year to $10.23 billion in the second half of 2021.

Ahsan H Mansur, executive director of the Policy Research Institute of Bangladesh, said the slight increase last year did not reflect the actual scenario.

Declining trend of remittances is a normal phenomenon given the opening of the global economy, he said.

The global economy

READ MORE ON B3

Save ailing non-textile factories

Businesses urge prime minister

STAR BUSINESS REPORT

Business leaders yesterday sought the prime minister's attention to save the ailing non-textile factories, which are struggling to stay afloat owing to the ongoing financial crisis.

They came up with the call at a meeting of the Federation of Bangladesh Chambers of Commerce and Industry (FBCCI) Standing Committee on Rehabilitation of the Sick Industry.

After coming to power in 2009, the Awami League-led government formed a high-powered task force to rehabilitate the sick industry and settle their liabilities, the business leaders said.

Then, the task force categorised sick factories into three categories namely garments, textiles and non-textiles and as per the decision of the task force, the government had issued circulars to settle the liabilities of 279 garment factories and 100 textile factories, they said.

But no non-textile factory has got this facility yet and even though all these industries are sick, the banks have filed cases in the Money Loan Court showing that they are defaulters, the businesses alleged.

Though Bangladesh Bank and finance ministry held several meetings, they could not come up with any solution in this regard. As a result, the ailing non-textile factories are unable to take on new business ventures, they observed.

Therefore, the sick industries have now been seeking the prime minister's help to get rid of this situation, the business leaders added.

Tahmin Ahmed, director-in-charge of the committee, said they will send a letter to the prime minister soon seeking her help in rescuing the sick industry owners.

A woman walks past an advertisement for the Samsung Galaxy S21 smartphone at the company's showroom in Seoul.

PHOTO: AFP/FILE

Samsung may regain top spot in global chip market

ANN/THE KOREA HERALD

Samsung Electronics is expected to regain the top spot in the global semiconductor market by revenue this year, outpacing its archrival Intel for the first time in three years.

According to estimates collected by market tracker FnGuide on Wednesday, the Korean tech giant is estimated to post 95.13 trillion won ($80.18 billion) in chip sales this year, up 30.6 per cent from last year.

The record figure is compared to Intel's sales estimates of $75.5 billion, down 1 percent from a year ago.

The upbeat outlook for Samsung comes as the world's largest memory chip maker dissipated concerns over slowing demand from the PC market, while expectations are being raised for future demand for memory chips used in cloud data centers, electric cars and the metaverse.

In the so-called "super cycle" years of 2017 and 2018, Samsung topped global chip sales amid surging demand and high prices. But in 2019 and 2020, when demand for memory chips slowed, it had to give up the lead to Intel, the top maker of processor chips.

In August this year, Morgan Stanley warned in a report that "winter is coming" in the memory sector, saying demand for tech products during pandemic years could slow as countries were preparing for a return to normal.

But the report failed to predict the outlook for data center growth, 5G, the metaverse and other key trends that have offered a big demand boost for Samsung chips, beyond the pandemic.

Analysts projected an extension of the uptrend next year, citing the beginning of a boom cycle for memory chips from the latter half of next year.

"Memory chips continue to see strong demand from servers, while the demand from the PC market is slowing but better than expected," said Park Sung-soon, an analyst at Cape Investment and Securities.

Lee Jae-yoon, an analyst at Yuanta Investment and Securities, echoed the view, saying "From the second quarter next year, a high-demand season for tech products, inventories will start to decline, driving up demand for memory chips."

Their consensus for Samsung's revenue next year was 112.1 trillion won, an 18 per cent jump from this year's estimates. Samsung is becoming the first chip maker in the world to see its sales exceeding the 100 trillion won mark.

In its third-quarter earnings conference call in October, Intel said it expected at least $74 billion in revenue in 2022, marginally ahead of consensus estimates of $73 billion, signaling lower margins for the years to come due to its next-generation processor chips that are less profitable in the early stages.

While consolidating its leadership in memory chips, Samsung is expected to ramp up efforts to secure a bigger presence in making more advanced logic chips. Currently, non-memory chips make up about 20 per cent of its total sales.

Under the Vision 2030 unveiled in August, Samsung aims to become the leader in the logic chip market by 2030, hinting at huge investments to beef up its foundry business and acquire smaller rivals.

China's new home prices fall at slower pace

REUTERS, *Beijing*

China's December new home prices declined at a slower pace compared with a month earlier, a private-sector survey showed on Saturday, offering a tentative sign of stabilising demand after authorities took steps to avert a hard landing for the market.

New home prices in 100 cities fell 0.02 per cent in December from a month earlier, narrowing from the 0.04 per cent drop in November, according to data from China Index Academy, one of the country's largest independent real estate research firms.

China's property sector was hammered in 2021 after Beijing stepped up its deleveraging campaign against highly indebted developers that worsened a liquidity crisis, delayed project completions and rocked buyer sentiment.

In recent months, the government has marginally eased property financing to prevent a hard landing for the sector, although it has not reversed its curbs designed to reduce leverage and discourage speculation. In December, several cities also implemented measures to boost home sales and mitigate local property distress.

Russian oil output recovers in 2021 after slump

REUTERS, *Moscow*

Russia's annual oil production rose by more than 2 per cent last year thanks to the easing of output cuts by the OPEC+ group of leading oil producers after a pandemic-induced decline in 2020, data showed on Sunday.

According to the Interfax news agency and Reuters calculations, Russian oil and gas condensate output rose to 10.52 million barrels per day last year, according to energy ministry data cited by the Interfax news agency and Reuters calculations, from 10.27 million bpd in 2020.

In tonnns, oil and gas condensate output increased to 524.05 million in 2021 from 512.68 million tons in 2020, but was still below a post-Soviet record-high of 560.2 million, or 11.25 million bpd, seen in 2019.

According to Interfax, Russian oil exports outside the former Soviet Union declined by 2.2 per cent in 2021 to 214.4 million tons. It also said that Russian natural gas output jumped by 10 per cent last year to 762.3 billion cubic meters.

Russia in April 2020 agreed to reduce its oil production by more than 2 million bpd, an unprecedented voluntary cut, along with other leading oil producers and the Organization of the Petroleum Exporting Countries.

In 2022, deputy prime minister Alexander Novak has said that country's oil output is expected to rise further to 540-560 million tons (10.8-11.2 million bpd) in 2022, and to 542-562 million tons in 2023. He has also said that Russia will restore its oil production to pre-pandemic levels by May 2022, though the timeline has been questioned by some analysts.

Takeaways from 2021

FROM PAGE B4

growth was comparatively lower, we believe that by the end of 2021 our share will reach around 7 per cent, and in 2022 it will surpass that level.

Achieving excellence in products, fibre, and markets diversification and value addition are the key opportunities for this sector. For that, we have to build our capacity of the backward linkage industry.

As Bangladesh has graduated from the least-developed countries' category, there will be certain changes in the global trading rules. To comply with double transformation rules of origin after 2026, there is no alternative to increase investment in the backward linkage industry.

Within the textile sector, there is a largely unexplored area highly potential for investment, which is the man-made fibre-based yarns and fabrics, functional fabrics like polyester, viscose, spandex, mélange, etc.

Globally the share of cotton textile and clothing consumption is 25 per cent only, whereas 75 per cent of Bangladesh's RMG product is concentrated within cotton items. So, huge scope and opportunity are awaiting us.

We do also have a capacity shortage in the area of high-end garments like sportswear, lingerie, outerwear, etc. where we have a huge market, but insignificant presence. For the transformation to a high-end industry, we do also need specialised investments at this moment, for example, in a product category like shirting fabric, laces, hooks, etc. There is a persisting shortage in supply of this kind of raw materials where we need investments.

For us, the path is to graduate from OEM (Original Equipment Manufacturer) to ODM (Original Design Manufacturer) as we focus more on design development, innovation, and end-to-end digital manufacturing. So, we need investments to upscale our capability in innovation and adaptation in the area of design as well as to cope up with the fourth industrial revolution.

To make our supply chain lean and green, we need to ensure technological up-gradation across the production chain, otherwise, it will be difficult for us to optimise cost and be competitive in the global market.

We will have to approach newer avenues of cost optimisation and being efficient, including industrial engineering and lean manufacturing, production planning, and supply chain management. Our success will depend mainly on developing the skills and efficiency of our people.

Investment in the area of re-skilling and up-skilling our workers is important to take the advantage of the fourth industrial revolution. Since human resource is the main strength of this industry, so ensuring their safety and well-being will be the main priority.

Keeping in mind the need of the time, the BGMEA is setting up the "Centre for Innovation, Efficiency and OSH" on its premises. The centre is expected to come in to operation in early 2022. Through this centre, we will focus on newer avenues of enhancing our competitiveness through efficiency improvement and cost optimisation.

We will also work to facilitate automation, 3D designing, innovation, using best industrial engineering process and practices, enlighten on end-to-end digital manufacturing and inspire modular processes.

There is no doubt that Bangladesh is going forward with tremendous progress where the contribution of the readymade garments industry is significant. Over the 40 years journey, the RMG industry of Bangladesh has passed so many crossroads and Covid-19 is another big obstacle.

To overcome the challenges posed by the pandemic and provide a clear direction towards sustainable development, a strategic roadmap for this sector is warranted.

We need to be prepared to face any shock, continue our efforts to maintain health protocols and follow a cautious step to plan our capacity, supply chain management and future expansion.

The author is president of the Bangladesh Garment Manufacturers and Exporters Association.

Philippines limits business over Omicron

REUTERS, *Manila*

The Philippines will impose tighter curbs in the capital region for the next two weeks, the acting presidential spokesperson said recently, to try to limit infections by the Omicron coronavirus variant that is spreading globally.

The health ministry recently recorded 2,961 new coronavirus infections, a two-month high, and reported a positivity rate of 10.3 per cent.

"In the coming days, we might see an increase in active cases," acting presidential spokesperson Karlo Nograles said in a televised announcement.

The region including the capital Manila is an urban sprawl of 16 cities that is home to more than 13 million people.

It will be placed under the third of a five-scale alert system on January 3 to 15, Nograles said.

Level 3 bans face-to-face classes, contact sports, funfairs, and casinos.

The government's coronavirus task force will also reduce the operating capacity for social events, tourist attractions, amusement parks, restaurant dine-in services, fitness studios, and personal care services.

The Philippines has the second highest number of Covid-19 cases and deaths in Southeast Asia, after Indonesia.

Mohammad Ali, additional managing director of Pubali Bank Ltd, receives a crest of the ICMAB Best Corporate Award-2020 from Tipu Munshi, minister for commerce, at a city hotel recently. Shibli Rubayat-Ul-Islam, chairman of the Bangladesh Securities and Exchange Commission, Kazi Akram Uddin Ahmed, a former president of the Federation of Bangladesh Chambers and Commerce Industry, AKM Delwer Hussain, president of the South Asian Federation of Accountants, and Mohammad Liton Miah, general manager of the bank, were present.

PHOTO: PUBALI BANK

Syed Waseque Md Ali, managing director of First Security Islami Bank Ltd, inaugurates the bank's four new products -- 'Prochesta' for start-up entrepreneurs, 'Shabolambi' for women entrepreneurs, 'Udyami' for cottage, micro and small entrepreneurs, and 'Sonali Swapno' for agriculture and rural development projects -- at the lender's head office in Dhaka yesterday. Abdul Aziz and Md Mustafa Khair, additional managing directors of the bank, and Md Zahurul Haque and Md Masudur Rahman Shah, deputy managing directors, were present.

PHOTO: FSIBL

HSBC wins 'best cash management bank' award

STAR BUSINESS REPORT

The Hongkong and Shanghai Bank Corporation (HSBC) has been recognised as the best cash management bank at the CorporateTreasurer Awards 2021.

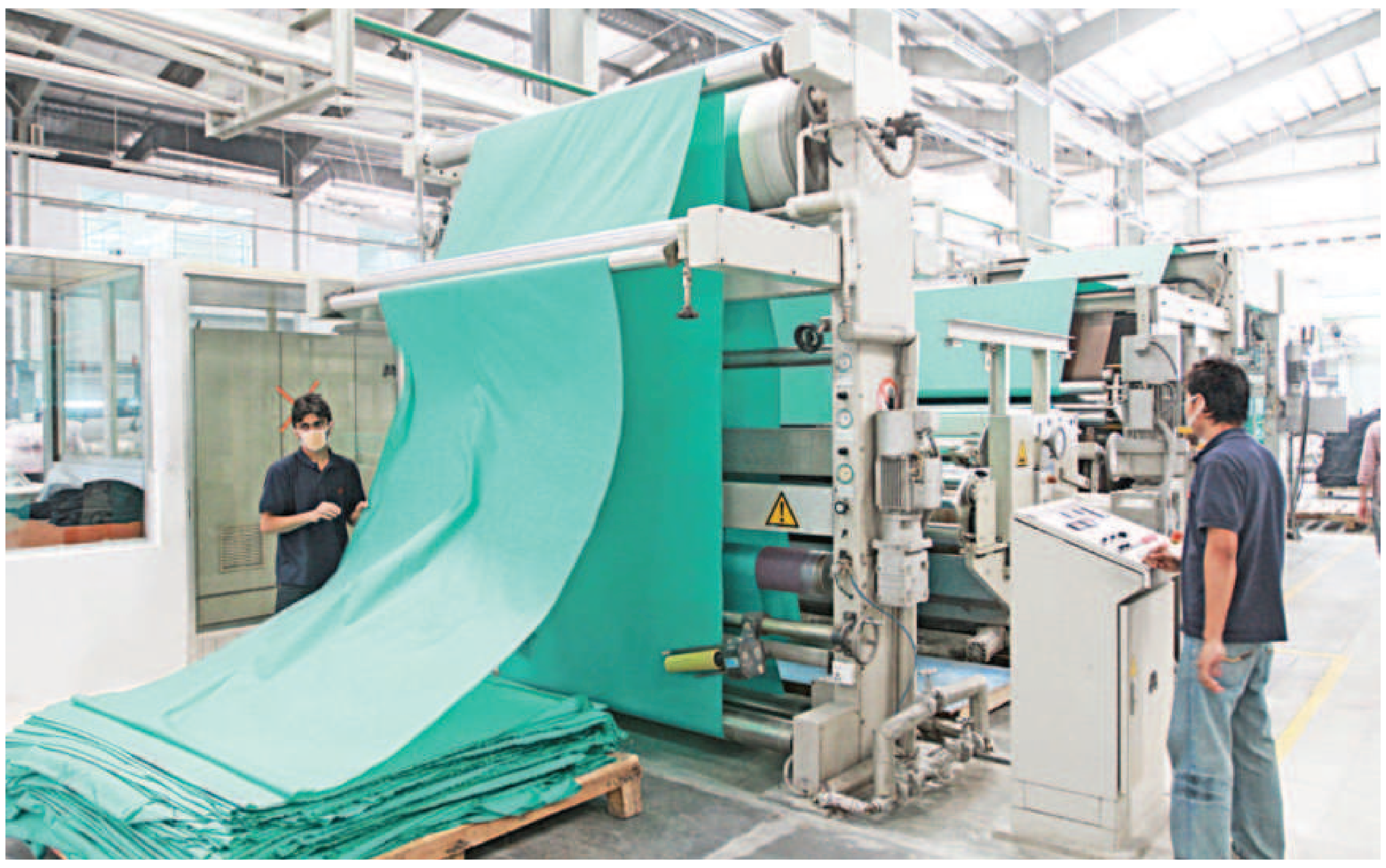
CorporateTreasurer is the only independent print publication in Asia dedicated to serving treasury teams and chief financial officers, according to a press release.

"This award is the reflection of the confidence they place in our products and services and will inspire us to do even better in future," said Md Mahbub ur Rahman, chief executive officer of HSBC Bangladesh.

"We will continue to digitise at scale and help customers to build smarter business with a simpler and better informed customer experience," said Kevin Green, country head for wholesale banking at HSBC Bangladesh.

"Govt should beef up monitoring in containing diversion of expatriate earnings from banking channel to informal one."

Distinguished fellow of CPD
MUSTAFIZUR RAHMAN



The guideline seeks to protect workers in the textile and readymade garment sector from chemical hazards, prevent or reduce chemical-induced illnesses and injuries resulting from use of chemicals at work. PHOTO: STAR/FILE

Focus on monitoring in garment chemical use

Experts give opinion on guideline

STAR BUSINESS REPORT

Implementation and monitoring should be emphasised in the national chemical management guideline for textile and garment industry in Bangladesh to realise optimum export, suggested experts yesterday.

"The guideline will have to be implemented so that it turns out fruitful," said Asif Ashraf, a director of the Bangladesh Garment Manufacturers and Exporters Association (BGMEA).

"Buyers have different requirements to ensure safety and we will have to build up capacities in chemical management," he said. He was addressing a consultation on the daft guideline organised by the Ministry of Commerce at Pan Pacific Sonargaon Dhaka.

The Deutsche Gesellschaft für Internationale Zusammenarbeit GmbH (GIZ) on behalf of the German government is helping the ministry develop the guideline.

Ashraf suggested including fire safety for chemical handling.

The guideline seeks to protect workers in the textile and readymade garment (RMG) sector from chemical hazards, prevent or reduce chemical-induced illnesses and injuries resulting from use of chemicals at work.

It also aims to enhance the protection of the general public and environment.

The draft says it would be applicable for any work activity irrespective of the economic scale and extend to supply of chemicals and disposal of associated waste.

The provisions should be considered as basic requirements in line with relevant national regulatory requirements, it says.

Md Fazle Ehsan Shamim, a vice-president of the Bangladesh Knitwear Manufacturers and Exporters Association (BKMEA), suggested finalising the draft in a way such that every local firm gets to benefit.

He further suggested making the guideline user friendly.

Abdullah Al Mamun, vice president of Bangladesh Textile Mills Association, suggested that the guideline pay importance on the distribution system of chemicals, especially for flammable and explosive ones.

Md Hafizur Rahman, additional secretary (export) to the ministry, urged stakeholders to provide inputs and comments within next 15 days for inclusion in the final draft.

"We have undertaken the preparation of the guideline to promote exports and create scopes for bargaining with buyers," he noted.

He further said an export policy would be published within a short of time, setting an export target of $80 billion.

The consultation was presided over by Kamrunnaher, joint secretary to the ministry, and addressed by Werner Lange, cluster coordinator (textile), GIZ Bangladesh.

Assistant Prof Abbas Uddin of the dyes and chemical engineering department at the Bangladesh University of Textiles and Prof Shoeb Ahmed of the chemical engineering department at the Bangladesh University of Engineering and Technology gave keynote presentations on the draft guideline.

According to Ahmed, the guideline will also give guidance on efficient management of chemicals.

Although Bangladesh has long been holding second position in the export of textile and garments, there is no national guideline governing the management of chemicals, he said.

He said a comprehensive national guideline on chemical management would help address this challenge.

Ctg port opens new service jetty, overflow yard

STAR BUSINESS REPORT

A newly built service jetty, overflow yard and a modern swimming complex were opened at Chittagong port yesterday.

State Minister of Shipping Khalid Mahmud Chowdhury inaugurated the structures, which were built at the cost of Tk 196.59 crore.

He also launched a tug boat named Kandari-6 purchased for the port from local shipbuilder Western Marine Shipyard at a cost of Tk 37.75 crore.

Chittagong Port Authority (CPA) constructed the New Mooring Overflow Yard on a 50,853 square metre area near the old labour colony to enhance container handling and storage capacity.

From now on, the imported containers that were used to be delivered from New-Mooring Container Terminal (NCT) and Chittagong Container Terminal (CCT) would be delivered from the newly built overflow yard, CPA Secretary Md Omar Faruk told The Daily Star.

Faruk said the new yard will reduce the pressure on the main jetty of the port and would allow additional containers to be stored at NCT and CCT.

Besides, the newly built jetty will be used for berthing of the port owned fleet of tugboats, speed boats, berge, dredgers and pilot boats used in providing services to the vessels arriving at the port.

RN Spinning Mills to merge with Samin Food

STAR BUSINESS REPORT

Shares of RN Spinning Mills topped the gainers' list on the Dhaka Stock Exchange (DSE) yesterday after it announced that it would merge with its non-listed sister concern as it looks to return to production.

The listed spinning mills made a disclosure about its merger with Samin Food & Beverage Ind. & Textile Mills Ltd through a post on the website of the Dhaka Stock Exchange (DSE) yesterday. Its shares closed 10 per cent higher at Tk 6.60.

The company's production has been shut since 2019 when a fire incident destroyed the production plants, inventories and other supporting facilities of the factory, which is situated at the Cumilla Export Processing Zone.

"The blaze devastated the company and then we did not find the insurance compensation. So, the merger decision was taken as part of efforts to resume production," said Raquibul Islam, company secretary of RN Spinning Mills.

"Merger can improve the company's strength and capital base. We will need to take approval from other regulatory authorities."

RN Spinning Mills incurred a loss of Tk 607 crore in 2018-19 due to the fire incident. The company's cumulative loss stands at Tk 446 crore, DSE data showed.

Following the merger, the factory will be relocated to the premises of Samin Mills in Gazipur.

UK seeks to mitigate workforce disruption

REUTERS, *London*

The British government has asked public sector managers to test their contingency plans against a worst-case scenario of 25 per cent staff absence as part of efforts to minimise disruption from the rapid spread of the Omicron variant of Covid-19.

The UK government expects businesses and public services to face disruption in the coming weeks, it said in a statement.

IFIC Bank to sell entire stake in Nepal lender

FROM PAGE B1

NBBL announced 15.50 per cent dividend for the last fiscal year, according to Fiscal Nepal, a news portal in the country.

NBBL is a joint venture company, which started its banking operation in 1994. IFIC Bank held around 50 per cent shares of the bank at the time.

The share price of NBBL hit a positive circuit on Wednesday after the news of merger came out. Its share closed 9.8 per cent higher at 402 Nepalese rupee on the Nepal Stock Exchange Ltd, said New Business Age, a monthly magazine.

IFIC Bank shares rose 7.69 per cent to Tk 18.20 on the DSE yesterday.

Export hits fresh peak

FROM PAGE B1

He says the buyers have also raised the prices of per unit garment items between 10 per cent and 12 per cent. The volume has risen by 15 per cent in the last few months.

"Buyers have increased the prices of garment items mainly because of the hike in raw materials such as yarn and fabrics, and freight charge. So, the real value of the cutting and making charge has not gone up."

The shipment of leather and leather goods increased 26.41 per cent to $563.96 million between July and December.

Exports of frozen and live fish, agricultural products, fruits, cement, pharmaceuticals, yarn, terry towel, home textile, ceramics, furniture and bicycle increased.

The shipment of jute and jute goods declined 12 per cent, suffered by falling exports of the biggest exportable item jute yarn, mainly in Turkey in the face of the declining exchange rate of the Turkish lira against the US dollar.

Higher prices of raw jute in Bangladesh also influenced a section of importers abroad to switch to less expensive regenerated cotton to use in carpet making, industry people say.

PHOTO: WALTON GROUP

Nishat Tasnim Shuchi, director of Walton Hi-Tech Industries Ltd, cuts a cake to inaugurate the company's gas stove exports to the Sri Lankan market at a programme held at Walton Corporate Office in Dhaka recently.

Walton exporting gas stoves to Sri Lanka

STAR BUSINESS DESK

Walton has started exporting its "Made in Bangladesh" gas stoves to Sri Lanka where it would be sold by a leading consumer brand.

Nishat Tasnim Shuchi, director of Walton Hi-Tech Industries, inaugurated a programme marking the development at Walton's corporate office in Dhaka recently, says a statement. "Sri Lanka is an important business partner for Walton," she said.

The development will expand Walton's export market and be a milestone in Walton's journey of becoming the best global brand in line with its "Vision: Go Global 2030", she said.

Nazrul Islam Sarker and Eva Rezwana Nilu, deputy managing directors of Walton Hi-Tech Industries, Mohammad Rayhan, chief executive officer of Walton Plaza Trade, SM Zahid Hasan, senior executive director, Firoj Alam, chief marketing officer, Edward Kim, president of Walton International Business Unit, and Mahfuzur Rahman, chief business officer for Kitchen Appliances, were present.

Remittance up slightly

FROM PAGE B1

had faced shutdowns as many countries imposed lockdown to contain the Covid-19.

Hundi, an illegal cross-border transaction settlement system, is mainly responsible for the downward trend.

The cartel was forced to stop its activities during the peak of the pandemic because of the lockdown.

But the money launderers have started their activities once again in recent times keeping with the rolling of the global economy.

Mansur said the difference in the exchange rate between the interbank and informal sector is around Tk 5, encouraging remitters to send their money through informal sector.

The interbank exchange rate stood at Tk 85.80 per dollar yesterday, which was surpassed by Tk 90 in the kerb market, the informal market where traders buy and sell foreign exchange illegally.

If the central bank depreciates the local currency by Tk 3 against the dollar instead of providing subsidy, remitters will feel more comfortable to send their hard-earned money through formal channels, Mansur said.

Mustafizur Rahman, a distinguished fellow of the Centre for Policy Dialogue, said the government should beef up monitoring in containing diversion of expatriate earnings from banking channels to informal ones.

The amount of remittance received in the first six months of this fiscal year is still higher than the pre-pandemic level, which is a positive sign, he said.

He, however, said the latest decision to increase subsidy would have a positive impact on remittances.

As per the government decision, a 2.5 per cent incentive can be enjoyed on the amount of the remittance sent from this month whereas it was previously 2 per cent.

Manpower export has recently increased, which will play a positive role in pushing up remittance in the days ahead, he said.

China implements new schemes for banks

REUTERS, *Beijing*

China's central bank confirmed on Saturday that it will implement new schemes aimed at encouraging financial institutions to lend to small businesses under pressure due to the impact of Covid-19.

The measures had been announced by the State Council, or cabinet, on December 15. The People's Bank of China will provide capital to qualified banking institutions to spur them to extend more loans to small and micro enterprises.

Priorities in the coming days will be to transform the garment industry's business model -- from labour-intensive manufacturing to innovation, high-value addition, and modern manufacturing processes.

PHOTO: STAR/FILE

Takeaways from 2021 and prospects of 2022

Ensuring a balance between lives and livelihood was the biggest challenge during the pandemic. But we proved our resilience by maintaining stringent health protocol in factories

FARUQUE HASSAN

The year 2021 started with a hope to overcome the crisis caused by the coronavirus pandemic and rebuild the industry. With many momentous changes that happened throughout the year, it was a year of challenges and turnaround, yet a significant moment to transit to the next phase of development.

Our sincere gratitude to Honourable Prime Minister Sheikh Hasina and her government for the unprecedented support that kept the industry on course indeed.

We are still on the recovery phase and export is gradually picking up as the recent trend shows. Concern is looming around the spread of the Omicron variant and how it may affect our market and the turnaround we have made so far.

Maintaining a balance between lives and livelihood was the biggest challenge for the industry during the pandemic. But we proved our resilience by continuing our operations through maintaining stringent health protocol in the factory.

The vaccination brought a new hope as global economy saw sharp uptick in its recovery, yet we had to face the aftershock of the crisis. The sourcing pattern was disrupted as buyers opted for smaller orders with speedy delivery.

Global freight management system is severely disrupted pushing the container freight cost up by 350 per cent to 500 per cent. Prices of cotton, yearn, fuel, dyes and chemicals went up, causing significant cost burden to manufacturers who were already struggling.

The near-shoring tendency among the buyers to minimise the freight costs is also being observed during this time. While these all are matters of concern for us, we learned about the inherent vulnerability of this industry that emerged from the weakness of contracts and trade term, lack of raw material supply from local sources and overdependence on a few countries, and the economic security of the workers in a pandemic like situation.

Covid-19 has taught us the importance of deepening buyers-suppliers relationship more than ever before. As we do business based on the account receivables, so there is always a risk of order cancellation, delayed payment or violation of trading terms of some sort.

The pandemic also unveiled new opportunities for us. Global online sales have gone up astronomically during this period with the emergence of technologies, disrupting the retail industry to a significant extent.

Considering the importance of the digital marketplace, the BGMEA has undertaken a research project that will assess the feasibility of Bangladesh's RMG industry and its readiness along with policy priorities entering into the virtual marketplace.

In just about five years, our personal protective equipment (PPE) export has grown from $252 million to $618 million in FY2020-21, as per data of the Export Promotion Bureau.

Bangladesh's export of textile face masks without a replaceable filter or mechanical parts, including surgical masks and disposable face masks of non-woven textiles was worth $105 million in 2020-21, which was only $0.46 million in 2014-15. So, considering the global demand and the rise in demand for PPEs in post-Covid reality, we have a clear potential to tap into it.

But there is certain hindrance that needs to be taken care at first. Particularly, medical grade PPEs would require significant capacity building within the industry that requires policy supports.

With 153 LEED-certified factories, Bangladesh is now home to the highest number of green garment factories in the world. The BGMEA received the "2021 USGBC Leadership Award" for its exemplary leadership in promoting environmental sustainability and green industrialisation in the RMG industry. The BGMEA joined the UN Fashion Industry Charter with an ambition to reduce GHG emissions by 30 per cent within 2030.

The industry has positioned itself as one of the most responsible manufacturing undertakings in the world. In recognition of our efforts, the Hong Kong-based ethical audit firm QIMA placed Bangladesh second in the global ethical manufacturing ranking.

Going forward, we have to continue all of these transformations and momentum that we have achieved.

Most importantly, we need to redefine our business model. If we can't upgrade the business capabilities and value addition of the industry, the achievements in environmental and social fronts will be uncertain. So, our priorities in the coming days will be to transform our business model - from labour-intensive manufacturing to innovation, high-value addition, and modern manufacturing processes.

With only a 6.26 per cent share in the global market (as per the WTO data in 2020), Bangladesh has huge untapped potential. Though in the last fiscal year, the export

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Stocks jump on year's first trading day

STAR BUSINESS REPORT

Dhaka stocks soared yesterday, rallying for a second day on rebounding from a falling trend for a month spurred by apprehensions centring the Omicron variant of coronavirus and discords between Bangladesh Bank and the Bangladesh Securities and Exchange Commission (BSEC).

The DSEX, the benchmark index of Dhaka Stock Exchange (DSE), soared 96 points, or 1.42 per cent, to 6,853. This means the two days' rise was of 122 points.

A few sales were made by individual and institutional investors so the market index rose, said Ahsanur Rahman, chief executive officer of BRAC EPL Stock Brokerage.

"Investors are observing the situation...I hope they will invest," he said.

It appears that the market will remain stable in the new year and there will be no meteoric rise like 2021, he said responding to a question.

The DSE posted another year of robust returns of 25.1 per cent from capital gains, enabling the DSEX to finish at 6,756.7 points at the year's end amidst the pandemic's adverse impacts.

It appears that the market will remain stable in the new year and there will be no meteoric rise like 2021, says a stock market analyst

In 2020, the market return stood at 21.3 per cent. This means between January 1, 2020 and December 30, 2021, the DSEX finished with a major bull run where 949 points and 1,355 points were added in 2020 and 2021 respectively.

The average daily turnover also registered a 127.2 per cent year-on-year growth with Tk 1,475 crore in 2021 against Tk 650 crore of 2020.

The second consecutive year of the bull run was mainly due to the availability of liquidity and low interest rate, growth of confidence for the BSEC's activities and stock prices being at their lowest in mid-2020, Rahman added.

At the DSE, 294 stocks advanced, 64 declined and 20 remained the same.

RN Spinning Mills topped the gainers' list, rising 10 per cent, followed by Fortune Shoes, CVO Petrochemical Refinery, Bangladesh Shipping Corporation, and Taufika Foods and Lovello Ice Cream.

The Sonali Paper and Board Mills shed the most, dropping 6.2 per cent, followed by Atlas Bangladesh, Asia Insurance, Bangladesh Monospool Paper Manufacturing Company and Reliance One Mutual Fund.

Beximco stocks were traded the most, worth Tk 99 crore, followed by Bangladesh Shipping Corporation, Fortune Shoes, IFIC Bank and GSP Finance.

Reliance plans to raise $5b in US debt

REUTERS, *New Delhi*

India's Reliance Industries Ltd said it plans to raise up to $5 billion in dollar-denominated debt and use proceeds primarily to refinance its existing borrowings.

The Mukesh Ambani-owned oil-to-telecoms conglomerate said that the proposal for fixed rate notes, which could be issued in one or more tranches, was approved by the board in a meeting on Saturday.

While the company did not give further details on the use of proceeds, the Economic Times newspaper said it will be used refinance earlier debt raised from international investors, with a bundle of loans coming up for maturities in the next three to four months.

The newspaper said the offering would be the largest offshore raising by an Indian borrower in one go, adding that the move will be debt-neutral to the company.

Turkey inflation highest in decade

REUTERS, *Istanbul*

Inflation soared by the most in at least a decade in Turkey's biggest city Istanbul last month, according to data on Saturday, and President Tayyip Erdogan's government sharply raised nationwide electricity and natural gas prices for the new year.

Prices also jumped for petrol, car insurance and some bridge tolls, adding more strain to an economy facing surging inflation and a currency crisis that was triggered by a series of unorthodox interest rate cuts.

The Energy Market Regulatory Authority, citing high global energy inflation, said electricity prices were raised by as much as 125 per cent for high-demand commercial users and by around 50 per cent for lower-demand households for 2022.

Natural gas prices jumped 25 per cent for residential use and 50 per cent for industrial use in January, national distributor BOTAS said. The price rise was 15 per cent for power generators.

In Istanbul, home to around a fifth of Turkey's population of 84 million, retail prices jumped 9.65 per cent month on month in December for an annual rise of 34.18 per cent, the Istanbul Chamber of Commerce (ITO) said.

Home appliance prices were up more than 20 per cent while food rose nearly 15 per cent.

Wholesale prices in the city jumped 11.96 per cent from November for an annual rise of 47.10 per cent, ITO said.

The data and adjustments will probably stoke the country's overall annual inflation rate, which jumped above 21 per cent in November and is seen surpassing 30 per cent in December and heading higher still, largely due to a currency crash. The lira shed 44 per cent of its value against the dollar last year after a plunge since September, when the central bank, under pressure from Erdogan, began a series of aggressive rate cuts.

Other adjustments included a 20 per cent jump in mandatory vehicle insurance costs for those with the highest deductible. Petrol prices rose by more than half a lira per litre, while diesel prices increased by 1.29 liras, the Energy, Petroleum, Gas Stations Employers Union (EPGIS) said on Friday.

People shop vegetables at a bazaar in Edirne, near the border with Bulgaria, in Turkey on December 17, 2021.

PHOTO: AFP/FILE

Trade between China, other RCEP members rises to $1.72t

ANN/CHINA DAILY/XINHUA

Imports and exports between China and the other 14 members of the Regional Comprehensive Economic Partnership totaled 10.96 trillion yuan (about $1.72 trillion) in the first 11 months of this year, according to Chinese customs data.

The figure accounts for 31 percent of China's total foreign trade value, the General Administration of Customs said on Wednesday.

The country has taken steps to further facilitate trade with the other RCEP members, including familiarizing companies with relevant import and export procedures and advancing the mutual recognition of Authorized Economic Operators with five RCEP members, the GAC said.