

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 per cent 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 tonnage, 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

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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, melange, 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 ready-made 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