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 continuing our operations through 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.