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BUSINESS

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SCAN FOR DETAILS



STRENGTH
OF BANGLADESH



Work orders are shifting from China, other countries



Diversifying production to MMF and technical clothing items



Rising green garment factories that brightened country image




Local primary textile sector can supply raw materials timely




Garment sector is capable of taking additional work orders

BY THE NUMBERS


CHALLENGES




Apparel export target: \$100b by 2030




Bangladesh exported \$42.61b garments last fiscal year




Needs to export additional \$57.38b in next 8 years




Global market size of MMF garments is \$700b




Bangladesh's 74pc exported garments are cotton-made




MMF accounts for 78pc of global apparel market




BGMEA hopeful of \$50b garment export by 2023




Bangladesh has 163 green garment factories




Inadequate supply of gas




Long lead time




High transport costs



High cost of production



Absence of innovative design centres



High cost of funds

BGMEA targets \$100b export by 2030

STAR BUSINESS REPORT

The Bangladesh Garment Manufacturers and Exporters Association (BGMEA) yesterday set a \$100-billion apparel shipment target by 2030, which is more than double the country fetched in the just-concluded financial year.

The platform is upbeat about hitting the goal as significant orders are shifting to Bangladesh from China and other countries and exporters are increasingly producing mid-range items, manufacturing more and more products from manmade fibre (MMF), and entering new markets.

The fresh target means suppliers will have to ship \$7.17 billion additionally per year from the current level to reach the goal.

Bangladesh exported garment items worth \$42.61 billion in the last fiscal year that ended on June 30, data from the Export Promotion Bureau showed.

"It is possible to achieve the target as we are diversifying the products and markets," said Faruque Hassan, president of

the BGMEA, while unveiling the new logo and new vision of the platform at the Westin Hotel in Dhaka.

Bangladesh will mainly rely on three important products, including the shipment of mid-range garment items, MMF-made items and technical clothes like the uniforms used by healthcare professionals and professionals in other service sectors, said Hassan.

Exporters' presence in the \$700-billion global MMF-made garment market is not that much as local producers are stronger in making apparel items from cotton fibre.

In the global fashion industry, 78 per cent of items are made from MMF and the rest are from cotton fibre. In the case of Bangladesh, cotton accounts for 74 per cent of items produced and only 26 per cent are MMF-based.

"So, we have a huge room to expand in the MMF and technical item segments as well as continuing our strength in the mid-range items," Hassan said.

Another strength of Bangladesh is the development

of the local primary textile sector.

In the past, manufacturers used to face challenges in securing the supply of raw materials like fabrics and yarn on time. But the local primary textile sector has made huge strides in recent years, expanding its capacity significantly, thus cutting the long lead time.

The primary textile sector is also expanding its capacity to meet the demand for additional MMF, technical and other garment items.

The garment sector, however, had failed to achieve its \$50 billion export target set for 2021, mainly because of externalities in 2016 and

2017 and the severe fallout of Covid-19 in 2020 and 2021, said Hassan.

"We expect that buyers will pay better prices for our diversified garment items."

Currently, the BGMEA is carrying out three studies to boost exports.

The studies are looking into how to innovate products, sell technical clothes and market products through digital platforms.

"The future of the garment business will depend on online sales," Hassan said.

According to the BGMEA chief, of the export-oriented garment items produced in Bangladesh by 2030, some 80 per cent would be

manufactured in green garment factories as local manufacturers are turning to eco-friendly production in keeping with the demand from consumers more concerned about businesses' impacts on the environment.

Bangladesh is already a global champion in green garment factories and is home to 163 such factories, including 49 platinum-rated, the highest certification given by the US Green Building Council.

Although international retailers and brands are not paying higher prices for the green initiatives, they are placing more work orders with garment factories.

Speaking at the logo-unveiling event, Shirin Sharmin Chaudhury, speaker of parliament, suggested garment manufacturers not forget the issue of climate change and the importance of protecting waterbodies during production.

Abdus Salam Murshedy, a former president of the BGMEA, said many industries would be set up in the southwestern region of Bangladesh thanks to the opening of Padma Bridge.



BB toughens rules further to curb imports

STAR BUSINESS REPORT

In an effort to keep the foreign exchange reserves stable, the Bangladesh Bank yesterday asked banks to take up to 100 per cent of import payments in advances from businesses while opening letters of credit (LCs) for luxury and non-essential items.

The central bank issued a notice to this effect, saying the initiative would help keep the financial sector stable amid the dragging volatility stemming from rocketing import bills, exacerbated by higher commodity prices and the supply bottlenecks fuelled by the Russia-Ukraine war.

On May 10, the central bank imposed a margin of up to 75 per cent on a number of imported items, but the initiative has failed to rein in the purchase of foreign goods and products, prompting the central bank to raise it further yesterday.

BB says the initiative would help keep the financial sector stable amid the dragging volatility stemming from rocketing import bills, exacerbated by higher commodity prices

Now, banks will have to impose a margin of at least 100 per cent on the opening of LCs for electronic goods such as air conditioners, refrigerators and washing machines.

The same rate would be applicable for sedan cars and sport utility vehicles, gold and gold ornaments, readymade garments, leather and jute goods, cosmetics, furniture, and home decor items.

Banks will have to apply a similar margin on the imports of fruits, flowers, non-cereal food items such as processed foods and beverages, canned foods, chocolate, biscuits, juices, soft drinks, alcohol, and tobaccos.

There is no margin on LC opening aimed at buying essential food items, baby food, fuel oil, lifesaving drugs, and the products for the farm, export-oriented and local industrial sectors. However, banks still can set margins for these items based on their relationship with customers.

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STOCKS			
	DSEX ▲	CASPI ▲	
	0.39%	0.41%	
	6,372.13	18,770.10	

COMMODITIES			
	Gold ▼	Oil ▼	
	\$1,781.90	\$107.47	
	(per ounce)	(per barrel)	

ASIAN MARKETS				
	MUMBAI	TOKYO	SINGAPORE	SHANGHAI
	▼ 0.19%	▲ 1.03%	▼ 0.52%	▼ 0.04%
	53,134.35	26,423.47	3,104.11	3,404.03



Workers lay out electric lines using a truck, capable of running both on the road and rail tracks, on the country's first metro rail. Construction and installation of different facilities are also nearing completion, with the authorities planning on partially launching commercial operations from December this year. The photo was taken at Farmgate yesterday.

PHOTO: RASHED SHUMON

Govt raises prices of cowhide

STAR BUSINESS REPORT

The government yesterday hiked the price of cured cowhides in Dhaka by 8 per cent to Tk 47-52 per square foot (sqft) ahead of Eid-ul-Azha, when millions of cattle are sacrificed by the country's Muslim community as a part of their religious duties.

Similarly, the price of cowhides cured with salt will cost Tk 40 to Tk 44 outside the capital.

Eid-ul-Azha accounts for nearly half of the rawhides collected annually, providing a key raw material for the \$1.24 billion export-earning leather and leather goods industry in Bangladesh.

Commerce Minister Tipu Munshi announced the new prices through a virtual press conference from his office in Dhaka following a meeting with tanners and rawhide traders.

The government had fixed cowhide prices at Tk 40 to Tk 45 per sqft inside Dhaka and Tk 33 to Tk 37 per sqft everywhere else for last year's Eid-ul-Azha.

Meanwhile, the price of castrated goat hides has been fixed at Tk 18 to Tk 20 per sqft while the cost of female goat hides is

Tk 12 to Tk 14 per sqft across the country this year.

Munshi also said rawhide laden trucks and other vehicles will not be allowed to enter Dhaka or the Savar Tannery Industrial Estate (STIE) in the first week of Eid in order to reduce the pressure of processing leather on the STIE's central effluent treatment plant.

The inflow of rawhides from all over the country, be it on a single day or a single week, is so high that the plant cannot bear the load with its present capacity.

If the rawhides are not processed in time, then a lot of them get damaged, he added.

The commerce minister went on to say that salt must be applied to the rawhides as a part of the curing process so that they can be preserved for at least one week before being sent to Dhaka and the STIE.

Like previous years, the government is approving the applications of different companies seeking to export rawhides to create more demand and enable better prices. Last year, the government allowed 14 companies to export 2.30 crore sqft of rawhide.

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