DHAKA WEDNESDAY DECEMBER 21, 2022, POUSH 6, 1429 BS ● starbusiness@thedailystar.net

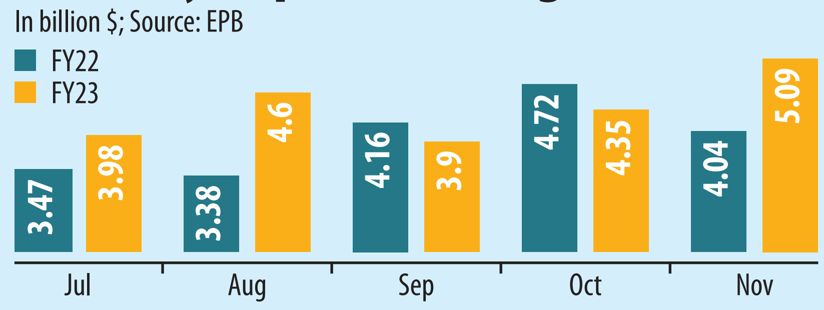
Star BUSINESS

"Bangladeshi exporters are resilient and they know how to survive in the stormy weather conditions"

Faruque Hassan
President of BGMEA

Monthly export earnings

In billion $; Source: EPB



GOOD PERFORMERS

Garment, leather and leather goods

POOR PERFORMERS

Frozen foods, agricultural products, handicrafts, jute and jute goods, specialised textiles and carpets

BY THE NUMBERS

- Highest earning recorded in Nov at $5.09b
- Second highest export was at $4.9b in Jun
- BGMEA set garment export target of $100b by 2030

BRIGHT SPOTS

- Global supply chain recovered from pandemic fallout
- Bangladesh continues to remain second largest apparel exporter
- Overall monthly export crossed $5b for first time
- Bangladeshi RMG exports top EU, US markets in terms of growth
- Some 27 green garment factories were established in 2022
- Total number of LEED certified garment factories: 180

DOWNSIDES

- Russia-Ukraine war took a toll on shipment
- Freight charge soared by more than 500%
- Dollar shortage hiked cost of import, production
- Gas crisis, outage affected production
- High inflation in Europe lowered demand

2022 THE YEAR THAT WAS

Export stands out in turbulent year

REFAYET ULLAH MIRDHA

Bangladesh's export sector showed its prowess in 2022 despite the devastating Russia-Ukraine war, unprecedented freight costs, energy crisis, record inflation and a risk of a recession that loomed throughout the outgoing year.

The sector was off to a good start in January as the coronavirus situation improved in much of the world and the momentum continued until August even after the war broke out in February and escalated fuel prices, energy shortages and power outages pushed up the cost of production at home.

Shipments, however, dipped in September and October before rebounding in November as international buyers began placing more orders.

All in all, the export sector was among a few bright spots for Bangladesh in a turbulent year.

Last year saw export earnings going past the $5-billion mark for the first time in the country's history in November, on the back of robust growth in apparel shipment.

In fact, the year saw a number of highs.

In January, overall merchandise export grew 41.13 per cent year-on-year to $4.85 billion. It skyrocketed to $4.908 billion in June, the previous highest before November raked in $5.09 billion.

The apparel shipment, which accounts for about 85 per cent of national export receipts, surged 42.5 per cent to $4.09 billion in the first month of the year. It sprinted to $5.09 billion in November.

The first shock after the war broke erupted came when European nations banned the use of Society for Worldwide Interbank Financial Telecommunications. Soon, Bangladesh started losing the opportunity to raise its market share in Russia.

The shipment to Russia only began recovering after local exporters started using alternative routes to ship goods to the country and receiving earnings in the Chinese currency instead of the US dollar.

The rise in freight costs by more than 500 per cent handed another blow to the export sector, while the record climb in the exchange rate amid the fast depletion of foreign currency reserves drove up the price of the US dollar price to as high as Tk 110.

Exporters still complain that they are losing money and competitiveness in the global markets because of the lower exchange rate they receive while encashing export proceeds.

Record inflation in the European Union and the United States, which together account for more than 80 per cent of Bangladesh's export earnings, hit exporters hard since consumers tightened their purse strings as recession loomed.

Because of the fall in demand, many international retailers and brands sat on unsold inventories of clothing items.

The war and higher freight charges affected the cotton price, sending the cost of yarn in the local market higher. As the prices of cotton fell worldwide recently, yarn worth $3 billion has piled up with local textile factories.

Factory-level productivity fell owing to the recurrent power outages after the government in July moved to enforce load-shedding to protect the forex reserves since Bangladesh has had to import the fuels needed to generate electricity.

The pause to purchase liquefied natural gas from the global spot markets forced the government to shut many power plants temporarily, worsening the power supply situation.

Despite the gloomy global economy, the Bangladesh Garment Manufacturers and Exporters Association (BGMEA), the platform for apparel exporters, announced in August its plan to raise apparel shipment to $100 billion by 2030.

In 2022, Bangladesh retained its position as the second-largest apparel exporter globally after China.

"The demand for locally made garment items is still very high despite higher inflation in Europe," said Senior Commerce Secretary Tapan Kanti Ghosh earlier.

Analysts attribute the stellar export performance to the US-China tariff war, competitive prices, and the recent improvements in workplace safety conditions.

This year, Bangladesh also cemented its position as a reliable supplier of apparel items as the country has been among a few nations that have kept its factories open since the coronavirus pandemic hit the world in March 2020.

"Bangladeshi exporters are resilient and they know how to survive in the stormy weather conditions," said Faruque Hassan, president of the BGMEA.

Throughout the crisis, local suppliers exported more to non-traditional markets such as India, China, Japan and Russia, along with traditional destinations, namely the EU, the US and Canada.

Bangladesh is also on its course to becoming a global manufacturing hub for value-added high-end garment items

READ MORE ON B3

Stock brokers in peril for low turnover

AHSAN HABIB

Brokerage houses are in dire straits meeting their operating costs as low turnovers are leaving a massive dent in their incomes.

Furthermore, various expenses have gone up which many claim are forcing them to take loans from relatives just to ensure that employees get their salaries.

The average daily turnover of Dhaka Stock Exchange (DSE), or the total value of the shares changing hands every day, has been hovering at less than Tk 400 crore over the last couple of months.

Yesterday, the DSE's turnover dropped to Tk 320 crore and it has been near Tk 350 crore over the last one month.

The main income source of brokerage houses is commission on the trade of shares investors conduct through them.

So, the lower turnover has resulted in a plunge in commission income of brokerage houses while their own investments in stocks are also providing little yields amidst the gloom the index was going through.

Various expenses have gone up which brokerage houses claim are forcing them to take loans from relatives just to ensure that employees get their salaries

In most years since 2010, the stockbrokers had been in hardship running their business and recently their woes have gone through the roof due to the market's lower turnover, said Richard D' Rozario, president of the DSE Brokers Association of Bangladesh (DBA).

On one end, income of the brokerage houses has fallen and on the other their costs have increased recently which was causing sufferings, he said.

Previously, brokerage houses could charge a fee on initial public offering (IPO) applications, which has now been abolished, he said.

The trading commission was also higher, which has now dropped massively due to massive competition among brokers, said Rozario, adding that 60 brokerage houses got their licences recently while their numbers were already high.

The new firms did not bring in new investors, rather were trying to lure in existing investors alongside employees of the old firms, who were now demanding higher salaries and thereby increasing costs, he said.

An unfair competition has arisen regarding the salaries so the old firms are being forced to raise salaries to retain efficient officials, he added.

READ MORE ON B3

STOCKS

DSEX ▼	CASPI ▼
0.20%	0.10%
6,226.50	18,383.93

COMMODITIES

Gold ▲	Oil ▲
$1,806.95 (per ounce)	$75.78 (per barrel)

ASIAN MARKETS

MUMBAI	TOKYO	SINGAPORE	SHANGHAI
▼ 0.17%	▼ 2.46%	▼ 0.08%	▼ 1.07%
61,702.29	26,568.03	3,253.97	3,073.77

RMG makers offer discounted groceries to workers

REFAYET ULLAH MIRDHA

Some garment manufacturers are providing basic commodities to their workers at discounts opening shops on factory premises, bringing some relief amidst the skyrocketing of prices in the local markets.

The prices at these shops can be as much as 15 per cent lower than local market rates while products can be purchased on credit for the bills to be adjusted with salaries disbursed at the end of the month.

Every month Jhorna Akter, an operator at Tarasima Apparels, buys some grocery items like lentil, sugar and noodles from such a shop financed by her employers.

Last month she bought goods worth Tk 2,000 and this month she bought some items worth Tk 600.

"Goods are sold at lower prices at the fair price shop. I can buy lentil at Tk 5 less per kilogramme," she told The Daily Star over the phone.

Rehana Akter, a quality inspector at the Manikganj based export-oriented company, echoed her.

She bought grocery items worth Tk 162 last month. Rice, biscuits, lentil, soap and edible oil are available, she said.

Sirajul Islam Azad, the company's chief human resources officer, said 10 years ago his company launched the shop, named "Aamar Dokan", which looks just like a supermarket.

Some 600 kinds of groceries are available at the shop and the company charges Tk 5 less than the price stated in the packaging by covering it from its own pockets, he said.

This prompts the more than 8,000 workers of the company to avail products there, for which sales on an average day can reach Tk 170,000, he said.

READ MORE ON B3