Harsh weather to affect $27b RMG export from Bangladesh

Cornell University study finds

STAR BUSINESS REPORT

Apparel shipment worth $26.78 billion from Bangladesh might be affected due to extreme weather conditions like heat and floods by 2030, according to a study of Cornell University in the US.

The study carried out by the university's Global Labor Institute and Schroders finds extreme heat and flooding are threatening key apparel production hubs globally.

Four countries vital for global fashion production are at the risk of losing $65 billion in export earnings and 1 million potential jobs by 2030, it said.

In the case of Bangladesh, the impact will be $26.78 billion while Cambodia will lose $6.75 billion, Pakistan $7.59 billion, and Vietnam $24.77 billion, the study said.

Four countries vital for global fashion production are at the risk of losing $65 billion in export earnings and 1 million potential jobs by 2030

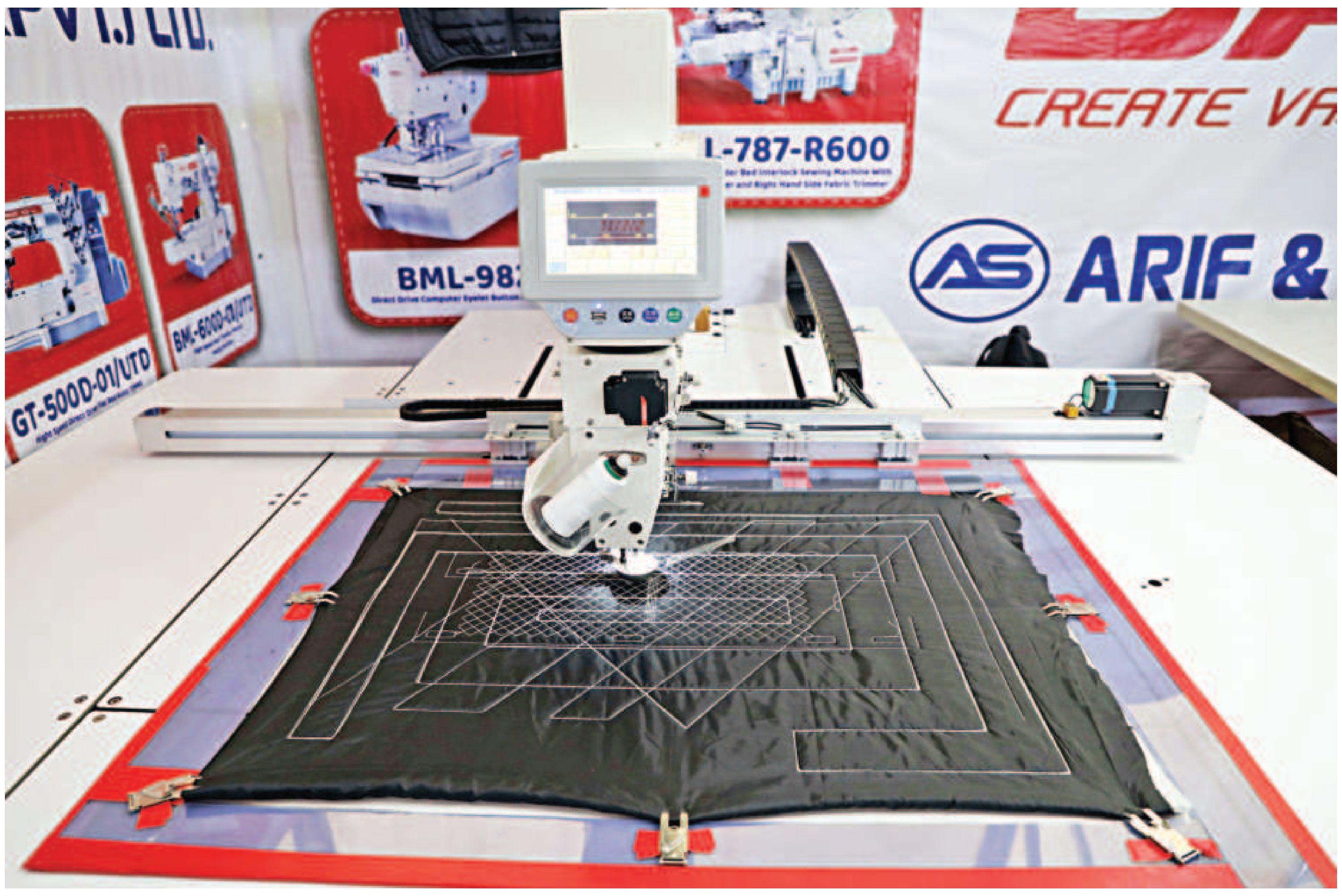
The study identifies Karachi, Colombo, Managua, Mauritius, and Dhaka as the most climate-vulnerable manufacturing centres.

"The investors say adaptation measures aren't factored in risk plans because the industry is focused on mitigation."

The report called for climate adaptation finance that redistributes costs and risks away from apparel workers.

The study compared estimates for future temperatures and flooding in 30 apparel manufacturing hubs around the world. It also looked at the impacts on apparel workers in the four countries and how climate change is already affecting them.

The study suggested changes that unions, employers, governments, apparel buyers and investors should make to protect workers and apparel manufacturing from extreme weather events.



A programmable machine puts stitches on a piece of fabric on the opening day of a four-day 22nd Textech Bangladesh 2023 International Expo organised by CEMS-Global USA, an exhibition and convention organiser, at the Bangabandhu Bangladesh–China Friendship Exhibition Center in Purbachal, Dhaka on Wednesday. PHOTO: PALASH KHAN

Maddhapara Granite Mining Co struggles to boost sales

KONGKON KARMAKER

Maddhapara Granite Mining Company Limited (MGMCL) is struggling to give a much-needed boost to its sales despite producing high-quality hard rocks and higher demand for the construction raw material amid ongoing infrastructure development in Bangladesh.

The preference for cheap imported stones among traders has further exacerbated the company's financial burden.

Since 2007, the state-run company has incurred losses amounting to Tk 565 crore, driven by its failure to sell high-quality hard rocks.

Located in Parbatipur upazila of Dinajpur, MGMCL, a subsidiary of Petrobangla, has seen its daily production rise to an average 1.3 lakh tonnes per month since November.

In July, the company produced 1.39 lakh tonnes, the highest single month output since May 2020. However, it managed to sell only 58,000 tonnes of rock in the first month of the current fiscal year of 2023-24.

In the last fiscal year, MGMCL produced around 11 lakh tonnes of hard rock. Of them, 5.75 lakh tonnes were sold, leaving more than half of the output unsold.

Currently, there is a stockpile of about 6 lakh tonnes of hard rock. MGMCL is facing difficulty in maintaining the stock owing to severe space constraints and unsold rocks are being stored throughout the mining area.

Stocks of hard rocks have piled up on the premises of Maddhapara Granite Mining Company Limited in Parbatipur upazila of Dinajpur owing to lower sales amid higher production of the construction raw material. The photo was taken recently. PHOTO: KONGKON KARMAKER

MGMCL witnessed robust sales in 2018-19 and 2019-2020.

In 2018-19, the company produced 10.67 lakh tonnes of rock and sold around 7.31 lakh tonnes, earning Tk 163 crore in revenue and Tk 7.26 crore in profit.

In 2019-2020, despite a four-month suspension of mining due to the Covid-19 pandemic, 8.23 lakh tonnes of rocks were produced and around 8.64 lakh tonnes were sold. It generated a revenue of Tk 207.81 crore and an annual profit of Tk 22.40 crore.

The profit in the two consecutive years was attributed to the disruption faced by the import of rocks from countries such as India and Nepal through land ports.

The situation changed when MGMCL raised its prices in 2022, prompting local construction firms to opt for cheaper imported rocks. In response, the state-run company cut prices in May this year but importers still prefer imported stones.

MGMCL officials say the decline in sales has been primarily due to traders' preference for imported rocks. However, some contractors in Dinajpur have cited high transportation costs as a deterrent to using Maddhapara's hard rock.

The contractors have urged the authorities to consider lowering the price of rocks further.

Abu Daud Md Fariduzzaman, managing director of MGMCL, said his office is working tirelessly to boost sales.

When MGMCL began operations under the North Korean company Nam-Nam in 2007, its contribution to national infrastructure development was nominal. In the six years to 2013, the company produced only 20 lakh tonnes of rock during the period, inflicting a loss of Tk 132 crore on MGMCL.

In 2013, MGMCL signed a contract with GTC (Germina Trest Consortium), a joint venture between Belarusian state concern for oil and chemistry JSC Trest Shakhtospetsstroy and Germania Corporation Limited of Bangladesh, for mine management, maintenance, development and production.

GTC is now producing around 1 million tonnes of rock annually.

Jabed Siddiqui, managing director of GTC, said the company is working to maximise production in order to help MGMCL generate higher revenue from exports.

He urged local firms to utilise the hard rock produced at Maddhapara.

The annual demand for hard rock in Bangladesh is around 10 million tonnes, valued at Tk 6,000 crore. MGMCL can supply up to 1 million tonnes annually, officials of the company said.

Overhyped 5G fails to deliver on promises

MAHTAB UDDIN AHMED

A teacher was once pranked by two students. They tricked him into thinking that he was experiencing a 5G-enabled VR application that turned out to be a nightmare. They hacked into his smartphone and VR headset to create a customised frightful VR environment and recorded his reactions as he suffered in the VR world.

While it made them laugh to tears, they simply failed to understand the agonies they put him through, let alone the fact that they violated the law. 5G, therefore, is not a joke, but a responsibility.

According to South Korea's biggest mobile telco, 5G has failed to deliver on its promises due to unrealistically high consumer expectations against an underdeveloped ecosystem. It issued an unflattering assessment, claiming 5G was sold as an enabler of autonomous driving, unmanned aerial vehicles, extended reality, and digital twins.

It points out that while those applications were possible, they failed to take off not so much because of issues with 5G network performance, but because of a combination of "device form factor constraints, immaturity of device and service technology, low or absent market demand, and policy/regulation issues."

Some of the applications and services not delivered but promised by 5G include remote surgery, autonomous vehicles, smart cities, and virtual reality. These require ultra-low latency, high reliability, and massive connectivity which was not possible or got delayed owing to technical, ethical, and social challenges, which were not conveyed to consumers, encouraging naive expectations and disappointment henceforth.

However, for operators, there are some wins in 5G. As per the experience of the leading South Korean Telecom, 5G offers 70 percent reduction in data cost per gigabyte compared to LTE, and 50 percent more data usage compared to LTE. Consumer expectations could have been met if all participants in the ecosystem worked together paving the way for expanded use cases, better spectrum management, more use of open interfaces, and simpler architecture options.

As for 5G in Bangladesh, in an earlier article, I had advised to go slow and delay the rollout for it requires high infrastructure investment and deployment, and renders technical, regulatory, and financial challenges for network providers.

The challenges include upgrading existing equipment, acquiring new spectrum licences, securing network access points, and ensuring interoperability and compatibility with legacy systems. In that respect, it was good that none of our local operators went aggressive on the 5G roll-out.

Considering the 5G delivery status in developed countries and our readiness, the Bangladesh Telecommunication Regulatory Commission (BTRC) must advise the operators to go slow and invest selectively based on proven use cases.

In Bangladesh, 5G device penetration is well below 3 percent against the global average of 17 percent and GSMA prediction of 4 percent in Asia Pacific by 2024. 5G should be categorised as a non-essential investment for the next few years by the BTRC. The emphasis should instead be more on high-quality 4G/LTE rollout in remote areas.

It is important that regulators understand the technological trend better than the operators. For instance, the 3G launch in 2013 was a wrong decision as it was declared a dead technology while operators wasted a huge sum in investment.

In 2009 while 4G/LTE technology was introduced and being rolled out in most countries, Bangladesh was busy with its 3G launch.

For all the doom and gloom on 5G, GSMA declared it "the fastest generational rollout when compared to 3G and 4G" -- which really ought to count for something. Patience should be our motto here as Bangladesh does not have the luxury to gamble with a billion-dollar investment.

The author is founder and managing director of BuildCon Consultancies Ltd

Interest rate cliffhanger as ECB mulls hike or pause

AFP, *Frankfurt*

Eurozone interest rate setters face the toughest call of their long battle against red-hot inflation Thursday, when they decide whether to raise borrowing costs again or finally pause the unprecedented hiking campaign.

The European Central Bank is struggling to navigate competing data that could push them either way -- prices continue to rise fast, but the outlook in the single currency area is also deteriorating rapidly.

The central bank for the 20 countries that use the euro has already lifted rates by 4.25 percentage points since July last year to combat runaway consumer prices.

But analysts are divided on whether they will implement another 25-basis-point increase -- which would be the 10th straight hike and take the closely watched deposit rate to a record high -- or take a pause.

Whether the ECB lifts rates "one final time... remains a close call", said Berenberg Bank economist Holger Schmieding.

On the one hand, prospects for the single currency area are looking bleaker.

Recent data showed eurozone second-quarter growth reached just 0.1 percent, lower than previously estimated, and the EU on Monday slashed its 2023 and 2024 GDP forecasts for the single currency area -- pointing in particular to weakness in Germany.

Europe's top economy is struggling to get back on its feet after sliding into recession around the turn of the year, hit by an industrial slowdown, high energy costs, and slowing exports to key partners such as China.

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A shopper pays with a ten Euro bank note at a local market in Nice, France on June 7, 2022. PHOTO: REUTERS

India has no immediate plan to scrap import duty on wheat

REUTERS, *New Delhi*

India has no immediate plans to abolish the import duty on wheat, but it will reduce the limit on the number of stocks that traders and millers can hold, Food Secretary Sanjeev Chopra told reporters on Thursday.

New Delhi was considering cutting or even abolishing a 40 percent import tax on wheat as part of efforts to boost supplies, a government official said last month.

India will release more wheat stocks into the open market if required to curb prices during the coming festive season, Chopra said.

"There's adequate availability of wheat, rice and sugar in the country but some unscrupulous elements are trying to take advantage of rumours about supplies," he said.

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