

## US sees manufacturing slump extend in Nov

AFP, Washington

US manufacturing activity contracted for the 13th straight month in November, with a sharper slowdown seen in employment and supplier deliveries, according to survey data published Friday.

The Institute for Supply Management's (ISM) manufacturing index came in worse than expected at 46.7 percent last month – in line with October's gloomy survey data.

This was below the median expectation of economists surveyed by MarketWatch, and lower than the 50 percent threshold indicating growth in the sector.

"Companies are still managing outputs appropriately as order softness continues," ISM survey chief Timothy Fiore said in a statement.

"The manufacturing ISM index held steady in November against expectations of an increase," High Frequency Economics chief US Economist Rubeela Farooqi wrote in a note to clients.

"The manufacturing sector continues to face challenges from higher borrowing costs and tighter credit conditions," she added. Fiore from the ISM said that all five of the subindexes that make up the manufacturing index were in contraction territory last month, "up from four in October."

The subindexes for employment and supplier deliveries both contracted at a faster rate than in October, while the index for production tipped into contraction territory, the ISM survey found.

## China's consumption market warms up in cold winter

ANN/CHINA DAILY

The Chinese economy is demonstrating strong growth momentum as the consumption market warms up in the cold winter in different parts of China.

As the temperature goes down, consumers all over China start to enjoy "hot spots" and buy apparel and accessories to keep warm.

Some also choose to enjoy the hot springs and experience snow sports at a ski resort for relaxation and entertainment.

The above consumption behaviors have become a driving force for China's economic development while bringing warmth to people.



### SCOOTER SEGMENT: AT A GLANCE

Total sales of scooters in 2022: 7,467 units

Sales in Jan-Oct this year: 3,788 units

Sales averaged 379 units per month in Jan-Oct

It was 622 per month last year

Scooter segment accounts for less than 2% of the motorcycle market

Popular brands: Suzuki, Yamaha, Honda, TVS, Hero Honda, Runner, Vespa and Walton

TVS is the market leader with 40% share

# Scooter sales lose steam as costlier USD bites

JAGARAN CHAKMA

The sales of scooters, which are popular among city-dwellers and women bikers, fell 20 percent year-on-year in the first 10 months of 2023, owing to the dearer US dollar and higher prices, industry people say.

On average, 379 units of scooters were sold each month between January and October, down from 622 units in 2022, industry data showed. In 2022, some 7,467 units were sold last year, a decrease of 20 percent from 9,221 a year ago.

The sales drop came as about 30 percent decline in the value of the local currency against the US dollar in the past 18 months has driven up the price of scooters, parts and accessories in Bangladesh. Besides, persistently higher inflation has eroded the purchasing power of consumers.

"Scooter is getting increasingly popular among city-dwellers for short distance ride," said Subrata Ranjan Das, executive director of ACI Motors Limited, the sole distributor of Yamaha motorcycles in Bangladesh.

Global and local brands such as Suzuki, Yamaha, Honda, TVS, Hero Honda, Runner and Walton are retailing scooters, including electric ones, in the local market.

Runner is the sole distributor of Vespa and has its own scooter brand as well.

Halizur Rahman, chairman of Runner Group, said in terms of market demand, scooters are better-placed than motorcycles.

"Buyers' preference is changing as well and scooters offer a better ride experience."

The scooter market is expanding on the back of rising per capita income and a youth population.

AKM Tauhidur Rahman, chief operating officer at Suzuki Bangladesh, said some people and women bikers prefer scooters.

Abdul Matlub Ahmad, chairman of Nitol Niloy Group, said scooters are getting popular among men and women.

"In the past, only male buyers used to purchase scooters. Now women are buying scooters in urban and rural areas as the mindset is changing."

HMCL Niloy Bangladesh Ltd, a joint venture between Niloy Motors Ltd and Hero MotoCorp Ltd of India, has been retailing scooters in Bangladesh for a long time.

Chennai-based multinational motorcycle manufacturer TVS Motor Company is the market leader in the scooter market in Bangladesh, accounting for around 40 percent of the share, followed by Suzuki, which has a 30 percent stake, according to industry people.

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Other brands meet the rest of the demand. So, motorcycle retailers are launching new and up-to-date models to expand their market share.

Biplob Kumar Roy, chief executive officer of TVS Auto Bangladesh, says the price of a scooter is always higher than a motorcycle for technological reasons.

"We have a plan to bring in more models as per the requirements of customers."

The Indian company currently retails two models of scooters.

Despite its growing use, the scooter market is still in its nascent stage in Bangladesh: scooters constitute less than 2 percent of the total motorcycle market in Bangladesh.

Nitol Niloy Group's Ahmad, however, thinks the market share of scooters will increase in the coming days.

## US Fed Chair calls rate cut speculation 'premature'

AFP, Washington

It is still "premature" to speculate on when the US Federal Reserve will start cutting interest rates despite the bank's recent progress on inflation, Fed Chair Jerome Powell said Friday.

The US Federal Reserve has taken aggressive action to tackle runaway inflation, and has successfully slowed the rate at which prices have been increasing this year.

Nevertheless, the Fed's decision to lift its benchmark lending rate to a 22-year high and hold it there has so far failed to bring inflation down to its long-run target of two percent.

On Friday, Powell said the Fed's rate-setting Federal Open Market Committee (FOMC) would continue its inflation battle despite the apparent success of its "restrictive" stance of monetary policy.

"It would be premature to conclude with confidence that we have achieved a sufficiently restrictive stance, or to speculate on when policy might ease," he said at an event in Atlanta, Georgia.

"We are prepared to tighten policy further if it becomes appropriate to do so," he continued.

# RMG sector faces transformational challenges

MAMUN RASHID

The readymade garment (RMG) sector's impact on Bangladesh's economy is undeniable. In FY23, it contributed 10.35 percent to the country's GDP, a testament to its substantial role in driving economic growth. RMG export earnings for FY23 amounted to \$46,991 million, with a 10.27 percent growth compared to the previous fiscal year, and a contribution of 84.58 percent to the country's total export earnings.

Despite its impressive growth, the apparel sector has been facing various disruptions for several years, such as geopolitical tensions, price fluctuations, and supply chain disruptions. The inherent and long-run challenges faced by the sector have exacerbated the impact of external disruptions and raised concerns about the sector's ability to adapt and thrive in the face of global challenges.

The sector continues to depend heavily on imported raw materials and this makes this sector even more vulnerable to external supply chain disruptions. A lack of product diversification also stands out as one of those critical inherent challenges. With specialisation in a limited range of garment items, Bangladesh's ability to effectively negotiate and compete in the international arena is constrained. Though this constraint has been evident for over a decade, the need for diversification has become increasingly necessary in recent years.

In 2021, 43 percent of the total global apparel trade was based on manmade fibre (MMF). However, Bangladesh had only 22 percent of MMF-based apparel in its export basket. To address the challenge, Bangladesh can forge strategic partnerships with countries that possess expertise in MMF production. These collaborations would not only enhance Bangladesh's capabilities in MMF-based products but also attract foreign direct investment.

Another defining factor that is changing the apparel landscape is automation, going beyond the production floor, and streamlining packaging and logistics processes. While it offers promising benefits, including improved efficiency, cost reduction, and quality enhancement, the automation of routine and manual tasks raises concerns about potential job losses, especially for low-skilled workers. In its study on future skills, the a2i identified RMG to be the most affected sector by Industry 4.0-led automation.

However, automation also creates opportunities for workers with technical skills to operate and maintain automated systems. Therefore, Bangladesh needs to make significant investments in education and skill development to equip its labour population to meet the demands of the growing apparel sector to close the skills gap.

International buyers are increasingly demanding more fashionable, sophisticated, high-value, and high-quality garments from Bangladesh. To meet these evolving requirements, RMG manufacturers must continuously upgrade their capabilities in product design, product categories, product quality, productivity, services, and compliance.

With stakeholders – consumers, investors, and governments – putting pressure on businesses to meet targets around GHG emissions, chemical discharge, water usage, solid waste management, worker safety, living wages, and inclusive workforce, sustainability has transcended mere differentiation to become an essential prerequisite for business success.

A concerted effort to address the skills gap and acceptable compliance with labour standards and infrastructure upgrades combined with further investment in research and innovation will be instrumental in propelling the apparel sector towards a future of sustainable growth and global leadership.

A multifaceted strategy comprising cooperation between the private sector and the government can firmly establish Bangladesh as a leader in the ever-evolving world of the apparel sector.

The author is an economic analyst



# To greenwash or do the right thing?

## Corporate dilemmas at COP28

AFP, Dubai

They call the giant climate business expo running outside the COP28 United Nations talks in Dubai the "green zone".

With the enormous former Expo 2020 site given over to green – and not so green – companies to trumpet their climate credentials, the private sector has never been embraced so warmly at a climate summit as it has been in the oil-rich city state.

An astonishing 400,000 visitors have registered for day passes to the futuristic jamboree, with stands touting the latest carbon capture tech to a vegetable garden trying to hold up under the desert heat. And that is not counting the 80,000 people accredited to the talks themselves.

Corporate pledges have been coming thick and fast, with Dubai-based Emirate Airlines – which has its own pavilion – heralding its first flight with "100 percent sustainable aviation fuel" and BNP Paribas bank saying they were phasing out financing projects related to extracting coking coal.

Others have been more hazy. The public relations teams of big companies feel they have to "come up with something during COP", sustainable finance expert Laurent Lascols told AFP. But most of the time they recycle "something they already have on the go".

But Sanda Ojiambo, assistant secretary-general of UN Global Compact, which tries to spur corporations towards sustainable development, praised the "very active and dynamic business movement that happens at COP."

"As long as it's credible and tangible and transparent, I think it really continues to demonstrate forward-looking discussion," she added.



A general view of residential buildings amidst the coastal road construction work in Mumbai, India on December 1, 2023.

PHOTO: REUTERS

# India's construction sector levels up

REUTERS, New Delhi

If India needed any more proof that it was in the midst of a huge housing boom, it got in this week's GDP data, heightening expectations that the industry will continue to power the economy for years to come.

The construction sector grew 13.3 percent in July-September from a year earlier, up from 7.9 percent in the previous quarter and its best performance in five quarters, the data released on Thursday showed.

That helped India expand at a forecast-beating 7.6 percent, making it one of the world's fastest-growing major economies. In contrast, Western economies have been squeezed by high interest rates and energy prices, while China has been hobbled by a debt crisis in its property sector.