Alltex to buy reconditioned textile dyeing, finishing machinery

STAR BUSINESS REPORT

Alltex Industries Ltd has decided to buy reconditioned textile dyeing and finishing machinery for the production of knitting fabrics to be used in the manufacture of inner wear.

The board of the company took the decision in its meeting on December 6, Alltex said in a disclosure on the Dhaka Stock Exchange yesterday.

The purchase will be made using funds from the company's own sources.

After installation of the machinery, the production of the company will increase by 12 tonnes per day.

This investment is expected to increase annual turnover by about Tk 190 crore.

The project will commence operation from March 1, 2024, according to the DSE disclosure.

Energypac Power Generation suffers losses in FY23

STAR BUSINESS REPORT

Energypac Power Generation PLC reported losses in the financial year that ended on June 30.

The company said it incurred a loss of Tk 44.88 crore in 2022-23 against a profit of Tk 9.69 crore in the previous financial year.

Thus, the company reported earnings per share of Tk 2.36 in negative for FY23 compared to Tk 0.51 in positive in FY22, according to a filing on the Dhaka Stock Exchange.

Energypac Power Generation's shares closed unchanged at Tk 34.50 yesterday.

Chinese firm to set up $7.6m API factory in Bangladesh

STAR BUSINESS REPORT

A Chinese company is going to invest $7.6 million to establish a factory inside a Bangladesh Export Processing Zones Authority (Bepza) Economic Zone to manufacture active pharmaceutical ingredients (API).

This investment by Crescent Hi Tech Co Ltd is expected to create

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Workers at a production unit inside the tannery industrial estate in Savar, Dhaka are seen running sheets of leather through a heating machine to help its colour set in. The leather and leather goods sector is seeing poor sales due to people's reduced purchasing capacity. The picture was taken recently.

PHOTO: AKLAKUR RAHMAN AKASH

Leather, leather footwear sales in slow lane at home, abroad

JAGARAN CHAKMA

The leather and leather goods sector in Bangladesh is witnessing slow sales both at home and abroad amid ongoing global economic crises and inflationary pressure, according to industry people.

As such, manufacturers are struggling to even recover operational costs, let alone make a profit, they said.

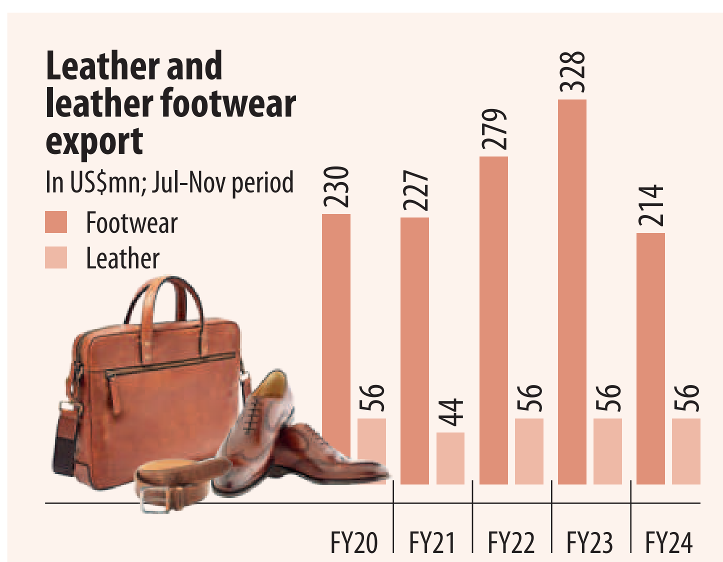
Exports of leather footwear fell 34.75 percent year-on-year to fetch $214.15 million in the July-November period of the current fiscal year, showed data of the Export Promotion Bureau.

On the other hand, exports of finished and semi-finished leather edged up by just 0.56 percent to earn $55.88 million.

The situation is similarly bleak in the domestic market where sales of leather footwear have reduced by about 20 percent from Tk 16,000 crore suffered by a drop in people's disposable income.

"Both domestic sales and exports are dull due to the ongoing global economic situation and inflationary pressure, which is preventing people from spending money on footwear," said Dilip Kajuri, chief financial officer of Apex Footwear Limited.

"The leather and leather goods sector is passing a critical period, which cannot be overcome until there is the recovery in the European market," he said while pointing out that it will take at least six months for the situation to stabilise.



SOURCE: EXPORT PROMOTION BUREAU

"Now, we are just surviving to meet operational costs as we cannot gain business."

Kajuri also said it is part of business for industries to come up with strategies to retain workers in times of crisis such as this.

"So, saving the workers' jobs and continuing factory operations during the current difficult period is the main target for now."

A top official of Jennys Shoes, a footwear exporter, said the sector is witnessing a tight situation as business at home and abroad is in the slow lane.

"The economies of export destinations are not in a good position, for which export orders are lower than the previous year."

The official believes the situation will not change until the global economy recovers.

He also said the cost of production has increased due to the depreciation of the local currency, but the price of export products has not increased.

"So, the sector is facing a tough situation."

Arfanul Hoque, head of retail at Bata Shoe Company (Bangladesh), said overall footwear sales have fallen 20 percent due to the ongoing inflationary pressure and appreciation of the US Dollar.

"In this situation, almost all brands are offering discounts of up to 50 percent to encourage customers and cover the operational cost."

According to him, the overall organised and non-organised annual turnover for footwear in the country is around Tk 16,000 crore.

Hoque also said the cost of production has increased by around 30 percent over the past one and a half years due to the higher US dollar price.

Footwear manufacturers need to import all the required raw materials except leather. At least 152 types of raw materials are required by footwear industries, making them nearly 100 percent import-dependent.

Mohammed Mizanur Rahman, a professor and director of the Institute of Leather Engineering and Technology of Dhaka University, said the local tannery industry's non-compliance with global production practices is a major reason for the transitional period of the leather and leather goods sector.

He said Bangladesh can cater to less than 0.5 percent of the global leather market worth $300 billion even though the country has significant potential to increase exports.

Bangladesh accounts for about 3.5 percent of the total rawhide produced globally.

"We need to ensure compliance with global standards by upgrading the central effluent treatment plant (CETP) at the tannery industrial estate in Savar," Rahman said.

Besides, private firms should be encouraged to set up their own ETPs in order to reduce the pressure on the CETP.

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Startups: the new rock stars

MAHTAB UDDIN AHMED

I had a very interesting experience recently being a part of a podcast on "The Generation Gap". It was attended by three rather young entrepreneurs, two of whom were aged 21, one being my son and the other in his mid-thirties.

It was fascinating to see one earning around $14,000 and another earning $40,000 monthly. One of them strategically does not recruit any qualified resources for his team because, to him, academic qualification is a disqualification. Astonishingly, their earnings are well above the average salary of a CEO of banks and non-banks in Bangladesh.

The most desirable job in the country in the 60s and up until the early 70s was civil service. Post-liberation, it started losing its charm to doctors and engineers. In arranged marriages, candidates from these professions were considered a big catch, along with non-resident Bangladeshis and those freshly returned from abroad.

In the 80s, the trend changed towards multinational companies, further strengthening with the launch of telecom companies. Now, the new rage is start-up founders and influencers although many from the older generations are yet to accept them as a glorious profession. Soon, they will!

Bangladesh has many successful startups with innovation, resilience, and impact in various fields. These startups have raised millions of dollars in funding from local and international investors and have contributed immensely to the country's development.

Bkash is Bangladesh's first and only unicorn company, valued at $2 billion in 2021, although India has more than 100 unicorns with a combined valuation of $350 billion. Unfortunately, Bangladeshi entrepreneurs struggle to keep pace with India despite state-level support.

Startups are crucial for Bangladesh's development as they create jobs and drive innovation and economic growth. They introduce fresh ideas, foster technological advancements, tackle social issues, and put Bangladesh on the global map.

The most significant risk of the current start-up ecosystem is its financial dependence on external investors. If these investors pull the plug, their entire existence is challenged. Operational challenges often thwart their initial success.

More importantly, when external funds are injected, the founders are compelled to follow the governance and financing aspects that were not part of their initial plans or calculations.

Sixty percent of startups fail to survive due to flawed product market fit, inadequate resources, and insufficient guidance, while 30 percent fail at the operational stage owing to wrong business models, issues with demand generation, governance and planning. Only 10 percent thrive thanks to operational excellence, good governance, agile culture, etc.

Startups are a fast-emerging sector ready to burgeon, given our young entrepreneurs are passionate, resilient, and adaptable. They must focus on developing unique business models, understand the local market, and leverage technology with an eye on social impact. Numerous resources offer support such as Startup Bangladesh and the Bangladesh Angel Investors Network, among others.

Another critical factor is parents' support and understanding. They need to be an integral part of this ecosystem so that these bright rock stars flourish with their full support.

My son enjoys full parental support in his startup venture. Even if he fails, the knowledge he is gathering along the way will be of much significance to any career path he takes in the future. Now the ball lies in the parents' court whether to see their children as CEOs after years of hard work or support them to become entrepreneur-cum-CEO much earlier.

Startups are the hope for a better Bangladesh and entrepreneurship is the new Bangladesh dream.

The author is founder and managing director of BuildCon Consultancies Ltd

US farmers plan big 2024 soy crops

REUTERS, *Chicago*

US farmers are likely to plant more soybeans in 2024 as rising demand for soy-based biofuels should boost profits, and many plan to cut back on corn acreage with futures prices for that grain hovering around three-year lows.

A larger US soybean crop would help meet booming demand for renewable diesel fuel and animal feed at a time when drought is slashing soybean production in Brazil, the world's top supplier. Another top supplier, Argentina, lacks soybeans after a severe drought last year.

Meanwhile, US corn supplies are ample after a record-large crop in 2023. By September 1, before the 2024 crop is harvested, US corn stockpiles are projected to top 2.1 billion bushels, a five-year high.

Along with normal crop rotation to keep soils healthy, farmers look at profitability of each crop. They factor in seed costs which are high this year for both corn and soybeans, along with inputs such as pesticides and fertilizer. Corn needs more fertilizer than soybeans.

Chris Gibbs, a farmer in western Ohio, expects to cut back on corn in 2024, seeking better profits in soybeans.

"My gut is I'm going to plant a little less corn just because of cost," Gibbs said. "Cash corn is now at cost of production, and soybeans, we are still making a profit."

Gibbs' plan lines up with early forecasts from the US Department of Agriculture and at least one private firm showing expanded US soybean acreage in 2024 and a reduction in corn acres. On November 7, the USDA projected growers would plant 87 million acres to soybeans in 2024, up 3.4 million acres from 2023. Corn plantings would fall to 91 million acres, down 3.9 million acres, USDA said.

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A view shows shipping containers at a commercial port in Vladivostok, Russia on August 25.

PHOTO: REUTERS

China-Russia trade hits $218b in Jan-Nov

REUTERS, *Beijing*

China-Russia trade hit $218.2 billion during January-November, Chinese customs data showed on Thursday, achieving the goal that had been set by the two countries in 2019 a year ahead of schedule.

The two-way trade value in the first 11 months also surpassed the total for all of 2022, according to the data by China's General Administration of Customs, securing 2023 a year to witness new record high of bilateral trade.

In 2019, China and Russia agreed to increase trade to $200 billion by 2024 from $107 billion in 2018.

The world's second-largest economy has emerged as a major economic lifeline for Russia which is under Western sanctions amid the ongoing Russia-Ukraine war.