Eastern Lubricants' expenses surpass revenue

STAR BUSINESS REPORT

Eastern Lubricants Blenders Ltd saw its direct expenses exceed overall revenue in the second quarter of the financial year ending in June 2024.

Majority owned by the government, the company sold Tk 13.58 crore of lubricating oils and greases in the October-December period of 2023 against direct expenses of Tk 13.81 crore, according to unaudited financial statements published yesterday.

After incorporating sales in the second quarter, total sales of the company stood at 27.46 crore in the first half of the financial year, with cost of sales of Tk 27.83 crore in the same period.

As such, Eastern Lubricants logged a gross loss during the first six months of the financial year although it managed

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to post a net profit thanks to a surge in non-operating income during the period.

Still, Eastern Lubricants said its net profit fell 42 percent year-on-year to Tk 42.77 lakh in the October-December period of the financial year 2023-24 compared to a year ago.

Overall, the listed company reported 9 a percent year-on-year decline in earnings, which reached Tk 70.83 lakh, in the July-December period of this fiscal year.

Eastern Lubricants' earnings per share (EPS) fell to Tk 3.30 in three months to the end of December 2023 compared to Tk 6.26 a year ago. Likewise, its profit per share dropped in the first two quarters of the financial year.

In a filing to the DSE, the company said its EPS decreased due to a fall in revenue compared to corresponding period of the previous year.

A senior official of Eastern Lubricants said management had been slow in importing oil amid fluctuation in prices in the international market while the lack of US dollars for import also affected sales.

Bangladesh retains top position in RMG export to UK by volume

REFAYET ULLAH MIRDHA

Bangladesh retained the top position in garment export to the UK in terms of volume, but the nation's apparel exporters continue to be paid one of the lowest prices in British markets.

In the January-October period last year, Bangladesh exported 178.39 million kilogrammes (kgs) of garment items to the UK while China shipped 159.25 million kgs, according to data compiled by the BGMEA.

Bangladesh's export of garment items by volume decreased 8.83 percent in the January-October period last year while China's fell by 11.39 percent during that time.

In 2022, Bangladesh had exported 232.68 million kgs compared to China's 222.83 kgs.

The overall import of garment items by retailers and brands in the UK was lower last year because of historic inflationary pressure on consumers stemming from the severe fallout of the Covid-19 pandemic and the Russia-Ukraine war.

In the January-October period last year, overall import of garment items by British retailers and brands fell 12.19 percent to 604.02 million kgs.

However, local garment exporters received one of the lowest prices from British retailers and brands, mainly because their shipments consist of low-cost basic garment items. In comparison, other countries like China and Turkey received better prices by exporting high value-added garment items.

Bangladesh's average price is 21.39 percent less than China's, 32 percent less than Turkey's and even 26.75 percent less than India's, according to a price comparison by the Bangladesh Garment Manufacturers and Exporters Association (BGMEA).

"This does not necessarily substantiate our competitiveness, but also reveals our absence in the mid-higher priced segment of the market. Going forward, we should set our strategy to broadly explore the mid-higher priced segment," BGMEA President Faruque Hassan said in a statement.

In January-October last year, Bangladesh exported 178.39 million kilogrammes of garment items to the UK while China shipped 159.25 million kgs

Bangladesh share of UK's clothing import amounts to 23 percent in monetary value and 28 percent in terms of volume, which means there are still opportunities in this market, he added.

"So far, we have been able to secure our position through cost leadership, well-timed delivery and quality, which kept us ahead of the competition," the statement also said.

The term 'higher value-added garment' is often misinterpreted as items like outerwear, lingerie, or activewear. But in fact, it means moving to the mid-to-higher priced segment of the market, where a t-shirt or polo shirt can earn higher prices due to complex processing techniques such as advanced fabrication, embroidery, printing, or even by offering more functionality.

In terms of value of garment shipment to the UK, Bangladesh is very close to China. In the January-October period last year, Bangladesh exported apparel items worth $3.01 billion to the UK, registering 8.98 percent negative growth compared to the corresponding period in 2022, the data also showed.

On the other hand, China's garment shipment to the UK in terms of value decreased by 21.01 percent to $3.18 billion in the January-October period last year.

Pre-Covid-19 global imports of clothing in the UK stood at $16.83 billion in 2018 and $16.45 billion in 2019. In 2020, when the pandemic began, imports fell to $15.54 billion.

In 2021, clothing import by the UK slightly reduced, reaching $ 14.35 billion.

Clothing import then made a solid recovery and hit $17.34 billion in 2022, but it still remained below pre-Covid levels quantity-wise.

Although it was widely expected that the momentum of positive growth would sustain in 2023, the UK's global import of clothing declined by 16.44 percent in terms of value to $12.09 billion in the January-October period.

Currently, Bangladesh is the second-largest apparel supplier in terms of value to the UK, which is the third-largest export destination for the country after the USA and Germany.

It is expected that Bangladesh will also overtake China in this market in terms of value soon, said Hassan.

Bangladesh has already overtaken China in garment shipment to the European Union (EU) in terms of volume and topped denim export both to the EU and the USA.

BGMEA turning RMG industry into global sustainability leader

MD MOHIUDDIN RUBEL

The readymade garment industry in Bangladesh has embarked on a transformative journey, propelled by the Bangladesh Garment Manufacturers and Exporters Association (BGMEA). This journey transcends mere garment production, evolving into a multifaceted narrative of sustainable practices, woven with robust environmental commitments, unwavering social responsibility, and a steadfast commitment to good governance.

At the core of this narrative lies a resolute commitment to green practices. Bangladesh boasts the world's highest concentration of USGBC-certified LEED green garment factories, with a remarkable 206 facilities, 76 of which achieved the prestigious platinum rating. This achievement underscores BGMEA's unwavering dedication to sustainable manufacturing, prioritising energy efficiency, waste reduction, and responsible water management.

BGMEA's Sustainability Strategic Vision 2030 sets ambitious targets across environmental, social, and governance (ESG) aspects, aligning with global concerns and relevant Sustainable Development Goals (SDGs). The vision pledges significant strides in climate action, circularity, water use, energy conservation, deforestation, gender equality, workplace safety, skills development, community well-being, data reporting, industry growth, green infrastructure, innovation, global reach, and good governance.

Recognising the crucial role of transparency in the global garment industry, the BGMEA has demonstrably embraced accountability and responsible business practices.

Its GRI-based Sustainability Report and SDG alignment reports shed light on their impact, setting a bold precedent for responsible leadership within the industry. This commitment is further amplified by the implementation of the ESG Digital Data Reporting Platform, a tool that translates real-time data into actionable insights, driving continuous improvement and fostering informed decision-making across the industry.

BGMEA's partnerships with Green Power Ltd and Huawei illuminate garment factories with solar power, displacing fossil fuels and offering cleaner, cheaper, and more reliable energy.

Its SWITCH2CE project promises to minimise environmental impact and unlock economic opportunities in waste management, while strengthening resource efficiency throughout the chain.

The CREATE project unravels the intricate challenges and opportunities of circular business models within the Bangladesh apparel industry's global value chain.

Worker well-being, often overlooked in fast-paced garment manufacturing environments, occupies a central place in BGMEA's vision. Its Centre of Innovation, Efficiency and Occupational Safety and Health (CIEOSH) empowers garment manufacturers through training, workshops, and expert guidance, fostering innovation, enhancing efficiency, and prioritising worker well-being through improved occupational safety and health standards.

The tapestry of BGMEA's sustainability vision wouldn't be complete without the silver thread of good governance. Transparency, accountability, and ethical conduct are woven into the fabric of their operations, ensuring responsible decision-making and collaborative partnerships with stakeholders. This unwavering commitment to good governance strengthens trust within the industry and lays the groundwork for a sustainable future for the sector in Bangladesh.

BGMEA's Sustainability Vision 2030 is a blueprint for a future where the "Made in Bangladesh" tag not only signifies quality garments but also a commitment to a sustainable, equitable, and responsible global industry.

The author is managing director of Bangladesh Apparel Exchange Ltd.

China's exports grow for first time in seven months

REUTERS, *Beijing*

China's exports grew for the first time in seven months in November, suggesting factories in the world's second-largest economy are attracting buyers through discount pricing to get over a prolonged slump in demand.

Mixed manufacturing data for November has kept alive calls for further policy support to shore up growth but also raised questions about whether predominantly negative sentiment-based surveys have masked improvements in conditions.

Exports grew 0.5 percent from a year earlier in November, customs data showed on Thursday, compared with a 6.4 percent fall in October and beating the 1.1 percent drop expected in a Reuters poll. Imports fell 0.6 percent, dashing forecasts for a 3.3 percent increase and swinging from a 3 percent jump last month.

"The improvement in exports is broadly in line with market expectations... sequential growth in China's exports in the past few months has strengthened," said Zhiwei Zhang, chief economist at Pinpoint Asset Management. "There are green shoots in other Asian countries' export data as well in recent months." The Baltic Dry Index, a bellwether gauge of global trade, climbed to a three year high in November, supported by improved demand for industrial commodities, particularly from China.

South Korean exports, another gauge of the health of global trade, rose for a second month in November, buoyed by chip exports, which snapped 15 months of declines.

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Oil tankers continue Red Sea movements despite Houthi attacks

REUTERS, *Houston*

Oil and fuel tanker traffic in the Red Sea was stable in December, even though many container ships have rerouted due to attacks by Iran-aligned Houthi militants, a Reuters analysis of vessel tracking data showed.

The attacks have driven up shipping costs sharply along with insurance premiums, but have had less impact than feared on oil flows, with shippers continuing to use the key East-West passage. The Houthis, who have said they are targeting Israel-bound vessels, have largely attacked non-petroleum goods shipments.

The added costs have not made a big difference to most shippers so far because the Red Sea remains much more affordable than sending cargo around Africa. But the situation bears watching with some oil companies like BP and Equinor diverting cargoes to the longer route. Also, increased shipping costs are likely to boost exports of US crude to some European buyers, experts said.

"We haven't really seen the interruption to tanker traffic that everyone was expecting," said Michelle Wiese Bockmann, a shipping analyst at Lloyd's List.

A daily average of 76 tankers carrying oil and fuel were in the south Red Sea and Gulf of Aden in December, the area close to Yemen that has seen attacks. That was only two fewer than November's average and just three below the average for the first 11 months of 2023, according to data from ship tracking service MariTrace.

Rival tracking service Kpler tracked 236 ships on average daily across all of Red Sea and Gulf of Aden in December, slightly above the 230 daily average in November.

The additional cost of sailing around the Cape of Good Hope off Africa rather than via the Red Sea would make voyages to deliver oil less profitable, she said.

"So, you're going to try and go through", she said.

Since the beginning of December, chartering rates have roughly doubled according to data from ship analytics firm Marhelm. It cost as much as $85,000 a day to ship oil on Suezmax tankers, which can carry as much as 1 million barrels. Aframax vessels, which can move 750,000 barrels, cost $75,000 a day.

Tanker traffic in the south Red Sea region briefly dipped between December 18 and December 22 when the Houthi group intensified attacks on vessels, averaging 66 tankers, but movements resumed after, according to MariTrace.

Container ship traffic in the area has fallen more sharply, down 28% in December from November, with steep declines in the second half of the month as attacks mounted, according to MariTrace.

Several oil majors, refiners and trading houses have continued to use the Red Sea route, according to an analysis of LSEG data.

PHOTO: REUTERS/FILE

Commercial ships are docked at the Red Sea port of Hodeidah in Yemen.

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