Runner Automobiles returns to profit

STAR BUSINESS REPORT

Runner Automobiles PLC, one of the leading vehicle manufacturers in Bangladesh, made a profit of Tk 56.76 lakh in the October-December period of the current financial year.

The company recorded a loss of Tk 23.61 crore in the same period the previous year, according to the financial statement of the company.

Thus, the auto manufacturer's earnings per share (EPS) rose to Tk 0.05 in the second quarter of 2023-24, against Tk 2.08 negative a year earlier.

While the company returned to profit in Q2 of FY24, it recorded a loss of Tk 25.20 crore in the July-December period of the fiscal year. It suffered a loss of Tk 32.81 crore in the first half of 2022-23.

The consolidated EPS was Tk 2.22 negative in July-December, down from Tk 2.89 negative in FY23.

TAKEAWAYS

- Bangladesh has potential to gain $**489**m worth of additional garment business from online markets
- The virtual garment markets of the US, the EU and Africa will reach $**308**b by 2026
- Bangladesh can gain **0.20**% of US market, **0.10**% of EU market and **0.75**% of African market
- One third of total apparel sales in the US and the EU will be thru online channels by 2027
- Amazon and Alibaba are doing business virtually in Bangladesh
- BGMEA demanded policy support from government for virtual markets

RMG can gain additional $489m from global online business: study

STAR BUSINESS REPORT

Bangladesh has the potential to gain additional garment business worth $489 million by 2027 from virtual markets in the US, European Union (EU), and Africa if the country can implement a framework for international e-commerce platforms by that time, according to a new study revealed yesterday.

By 2026, the virtual garment market in the US, EU and Africa will be worth a combined $308 billion, said the study, titled "Establishing A Virtual Marketplace for Bangladeshi Apparels."

The International Finance Corporation (IFC) conducted the study in collaboration with LightCastle, a consulting firm, for the Bangladesh Garment Manufacturers and Exporters Association (BGMEA).

The IFC, BGMEA, and LightCastle jointly unveiled the findings of the study at a press conference held at the BGMEA office in Dhaka yesterday.

The study said Bangladesh could gain 0.20 percent of the virtual garment markets in the US, 0.10 percent in the EU and 0.75 percent in Africa by 2027.

It is estimated that one-third of total apparel sales in the EU and The US will shift to online channels by 2027, said Dipa Sultana, senior business consultant and project manager of LightCastle, while presenting the study findings.

The establishment of virtual marketplaces will reduce lead times, reduce the cost of business, and simplify business procedures in terms of international trade, she said, adding that the number of middlemen would also be reduced, which will ultimately make business more competitive.

There will also have to be international warehouses near those destinations, she said.

BGMEA President Faruque Hassan said local garment suppliers can sell goods to wholesalers, retailers, brands, and even to end consumers directly through virtual marketplaces, which will ultimately help to get better prices as middlemen will not eat into profits.

Currently, Amazon and Alibaba have virtual marketplaces and supply goods sourced from Bangladesh to their customers, Hassan said.

The BGMEA chief sought policy support from the government enabling local entrepreneurs to establish such virtual marketplaces so the country can gain a significant portion of the global business.

Because the future of business, not only the garment business but also in the case of other products, is through virtual online business platforms, he said.

For instance, if a buyer from London wants to buy a garment item from a Bangladeshi manufacturer, the local supplier cannot conduct business with them because the current policies of customs, ports and banks are riddled with complexities.

As such, the government needs to simplify the customs, port and banking rules so local businessmen can do more business by establishing virtual marketplaces, Hassan said.

Replying to a query, the BGMEA chief said virtual marketplaces were already in place, but not open for the international market yet.

Hassan further said that local suppliers are facing challenges shipping goods to the EU, the US and other western nations because of the ongoing Red Sea impasse.

He added that in most cases buyers were bearing the cost of freight as local businessmen deliver under the Freight on Board (FoB) method.

But a few also send goods under cost and freight (C and F) method, under which local suppliers bear freight costs, which had been putting them in a challenging situation.

International retailers and brands are carrying the goods through both sea and waterways now because of the Red Sea crisis, he said.

Still, he was hopeful Bangladesh could fulfil its export target of $100 billion worth of garment items by 2030.

In the fiscal year 2022-23, Bangladesh exported garment items worth $46.99 billion, according to data from the Export Promotion Bureau.

Transforming data into digital experiences

MAHTAB UDDIN AHMED

In an amusing incident highlighting the generation gap in technology use, a grandmother new to internet was being taught how to use search engines by her grandson. Believing in the importance of politeness, she wrote a stack of thank you notes for internet, grateful for its answers to her questions.

The grandson, amused by her naivety, explained that internet is a tool that doesn't require gratitude but secretly admired her commitment to good manners even in the digital world. The story illustrates the concept of "Internet for All" and how it bridges gaps between generations and social divides.

From my years with Robi, it had a successful strategy of shifting its focus from traditional data services to a broader digital approach, with an eye on its weakest market outside Chattogram, Cumilla, and Dhaka (non-CCD). This move was significant due to Robi's previous challenges with brand recognition and lagging in the 3G market. The digital domain, largely untapped by competitors in 2017, offered Robi a valuable opportunity to climb to a higher market position.

Upon assuming leadership, the aim was to lead in data services, capitalising on competitors' focus on voice services. The market leader targeted a voice-oriented, high-value and aged subscriber base, while the third operator catered to lower-income, voice-dependent customers. Robi, positioned between these two strategies, leveraged techno-commercial analytics to pursue 4.5G data services, believing the market leader would not be able to respond quickly enough to this challenge in the short to medium term.

Following the Robi-Airtel merger, challenges included unexpected fees and an inordinate delay in approval that led to the sacrifice of a most valuable 5 MHz spectrum in the 900 bands. The new team prioritised regaining 1.6 MHz of this spectrum to maintain a competitive edge and prevent rivals from matching their coverage capabilities.

Robi eventually secured 9 MHz in the 900 spectrum, enhancing its coverage advantage. This early action paved the way for Robi's successful data and digital journey. While the act seemed small, its impact was significant.

Robi's acquisition of 9 MHz in the 900 spectrum was crucial for its strategic growth too, paving the way for the launch of L900 (4.5G) in non-CCD areas, achieving more coverage with fewer sites than the other two competitors. Other operators couldn't match this strategy for at least eight quarters. Additionally, Robi enhanced capacity with L1800 and dynamic spectrum features, maximising the opportunities provided by this spectrum.

Robi's strategic moves allowed it to maintain a 4G leadership from the start, initially holding over 60 percent of the market share and, by 2021, matching the market leader. This strategy was particularly effective in non-CCD areas, resulting in a 133 percent growth between 2017 and 2021 and establishing Robi as a major player in the previously weaker markets.

This non-CCD play made Robi a national brand from being a regional brand. The group initially hesitated to invest in non-CCD areas due to fund constraints and market skepticism. However, prioritising 4.5G expansion in non-CCD regions and reallocating investment from CCD areas proved successful, causing 60 percent of Robi's growth from 2017 to 2021. Despite personal risks, this strategy led to significant changes, including a shift in the brand tagline from "Ignite the Power Within" to "New Experience in Life."

Robi's transition from data play to digital play involved digitalising all internal processes for a paperless office. The company expanded into enterprise solutions with cloud services, data centres, and homegrown digital platforms. This evolution, coupled with the largest IPO in the country, solidified Robi's status as a respected and trusted brand.

Over five years, Robi evolved into a national player and digital leader in the market. By 2021, its data revenue was within striking distance of the market leader. Robi's future hinges on its continued emphasis on digital and data strategies, particularly maintaining its 4.5G dominance, as voice revenue diminishes significantly, mirroring trends in the developed markets.

The author is founder and managing director of BuildCon Consultancies Ltd

USAID striving to be a good partner of Bangladesh

Says its mission director

STAR BUSINESS REPORT

The US Agency for International Development (USAID) is striving to be a good development partner to Bangladesh in its journey towards an advanced economy.

USAID Mission Director Reed J Aeschliman said this while addressing the monthly luncheon of the American Chamber of Commerce in Bangladesh (AmCham) at The Westin Dhaka yesterday.

Speaking as the guest of honour at a discussion, titled "The Transforming Bangladesh: USAID Partners in Progress", Aeschliman said Bangladesh is graduating from the least developed country status to lower-middle income in 2026.

"Congratulations. But from a long-term development perspective, we are assuming you do not want to get stuck on the middle-income track," he said.

"You want to go towards an advanced economy. And that's USAID's job here in Bangladesh. It is striving to be a good development partner to the host country, Bangladesh, in its journey and its trajectory towards an advanced economy."

This vision will be fuelled through private sector growth, economic growth, private sector financing, and public-private partnerships, Aeschliman said.

AmCham President Syed Ershad Ahmed said Bangladesh has been moving in a strong trajectory in terms of economic growth and prosperity over the past decade.

"Our country maintains its position as a rising global force by emphasising infrastructure development, human capital investment, and economic diversification. Despite challenges, by diversifying trade partners and implementing prudent policies, we have mitigated disruptions and maintained our economic growth," he said.

He said the USAID programme in Bangladesh is the largest in Asia, with some of the world's most important food security and health programmes being conducted in the nation.

"As a long-standing partner, USAID remains committed to supporting our journey to becoming an upper-middle-income country by 2031," he said.

USAID is also putting an enormous effort into enhancing trade and creating conditions conducive to business in Bangladesh.

iPhone shipments in China drop as Huawei grows market share

REUTERS, *Beijing*

Apple's smartphone shipments in China shrank 2.1 percent in the final quarter of 2023 from the same year-ago period, hurt by intensifying competition from local rivals led by Huawei, data from research firm IDC showed on Thursday.

The drop underscores the challenges facing the US firm in its third biggest market, as some Chinese companies and government agencies limit employees' use of Apple devices, a measure that mirrors US government restrictions on Chinese apps on security grounds.

Earlier this month, Apple offered rare discounts on its iPhones, cutting retail prices by as much as 500 yuan ($70) amid growing competitive pressure.

Huawei, whose smartphone business was decimated by US sanctions, also made a comeback last year with new launches, intensifying competition in the world's biggest smartphone market that grew just 1.2 percent in the final quarter of 2023.

Huawei's shipments increased 36.2 percent in the last quarter of the year, the IDC figures showed. The company became the fourth largest smartphone vendor in China in the period with a 13.9 percent market share, up from 10.3 percent in the same year-ago quarter.

For the full year 2023, however, Apple overtook Vivo to become the top smartphone seller with a 17.3 percent market share, according to IDC.

What US economic measures can be expected if Trump is reelected?

AFP, *Washington*

Former US president Donald Trump campaigned on the economy during his failed reelection bid in 2020 and it remains a major theme in his push to retake the White House again in 2024.

Inflation and high interest rates are at the heart of Americans' concerns as Trump steers towards a probable November rematch with President Joe Biden.

Here are three subjects likely to feature among his economic priorities if he returns to the White House:

Tariffs and US-China trade

"When companies come in and they dump their products in the United States, they should pay automatically, let's say a 10 percent tax," Trump told Fox Business back in August.

"That money would be used to pay off debt," he added.

According to the World Trade Organization (WTO), tariffs on goods entering the United States currently average 3.4 percent, with disparities depending on the product and country of origin.

It is not clear, however, whether this automatic "10 percent tax" would replace or be added to the existing one.

This "trade war" would be key among Trump's economic policy if he returns to office, Marcus Noland, vice president of the Peterson Institute for International Economics (PIIE), told AFP.

He said he worries that this will "have additional effects of further weakening the international trade system," and do "further damage to the WTO and the rules-based trade order."

And with consumers already struggling to cope with inflation, higher tariffs could push up the price of imported goods.

China, in particular, is likely to remain in the former president's crosshairs, George Washington University professor Steven Hamilton told AFP.

"There's a lot of unknowns about what will happen post the election," he said, adding that "Trump seems to have focused on the trade war with China."

Republican presidential candidate and former US president Donald Trump gestures as he takes the stage during his New Hampshire presidential primary election night watch party on January 23.

PHOTO: REUTERS

Tax cuts

One of the main measures of Donald Trump's first term in office was a major package of tax cuts, introduced in 2017, which impacted both households and large companies. These reforms are due to expire in 2025.

"I would assume his goal and, you know, a lot of the people that are around him, would want to extend what they did," Richard Stern, a director at the Heritage Foundation, a conservative think tank, told AFP.

Nevertheless, with higher interest rates driving up the cost of debt, "there's gonna be a lot of pressure to have the tax reform bill have less on paper deficits than it had last time," he added.

Ben Ritz of the Progressive Policy Institute (PPI) told AFP he believes "the centerpiece of Trump's economic agenda is going to be trade wars and tax cuts."

"He's gonna say that's putting money in Americans' pockets," said Ritz, who is director for PPI's Center for Funding America's Future.