Bangladesh's cotton use forecast revised upwards

SOHEL PARVEZ

Bangladesh's cotton consumption is expected to rise marginally to 78 lakh bales in marketing year 2024-25, which began in August, according to a US Department of Agriculture (USDA) report published on Friday.

The US agency, in its initial projection in April this year, estimated cotton consumption in Bangladesh, the world's second-biggest clothing factory, at 80 lakh bales.

One bale equals 480 pounds or 218 kilogrammes (kg).

It revised the projection downwards in August and September before raising the forecast in its latest update.

Although the USDA did not explain the reasons behind the hike in its latest report, titled "Cotton: World Markets and Trade", industry stakeholders said the overall use of cotton by local textile mills may be higher this year.

"Business was unfavourable for various reasons, including the gas crisis and hike in its prices alongside unavailability of US dollars to open letters of credit (LCs) for cotton imports. Now, we can open LCs," said A Matin Chowdhury, managing director of New Asia Group, a vertically integrated apparel manufacturer.

Import and consumption of cotton yarn also grew last year.

"It appears that local production of yarn will increase this year," he said, citing falling prices of cotton on the international market.

Cotton prices declined 15 percent year-on-year to \$1.79 per kilogramme (kg) in July-September from \$2.11 a year ago, according to the World Bank Commodities Price Data (The Pink Sheet).

"But a lot depends on gas and electricity supply," he said.

Insiders said the domestic market had been sluggish in July and August, with demand only starting to pick up by the end of September.

"The overall situation has improved to some extent. But spinners cannot run operations properly due to the gas and electricity crises," an official of the Bangladesh Textile Mills Association (BTMA) said.

Mills run at over 80 percent of their capacity when the energy supply is adequate.

"But they are currently running at half of their capacity because of the gas and electricity crises," the official added.

The USDA said Bangladesh's domestic use of cotton hit 88 lakh bales in MY22 to feed the demand for export-oriented knitwear makers, the main export-earning sector.

However, cotton consumption began declining in subsequent years and overall use stood at 77.5 lakh bales in MY24.

The country is highly reliant on imports because of its low domestic production of cotton, which amounts to around 1.5 lakh bales annually.

Local millers import a good chunk from countries in West Africa followed by India, Brazil, the United States and Australia, according to the USDA.

The US agency estimated Bangladesh's imports of cotton for MY25 at 77 lakh bales -- around 2 percent higher than the 75.75 lakh bales imported the previous year.

Family businesses: accept change, compete or get lost

MAMUN RASHID

Thanks to The Daily Star and DHL Worldwide for holding Bangladesh Business Awards for 22 consecutive years. Having been with its jury panel for nine years during the initial period, I know how tough it is to find the awardees, especially the individual businesspersons with respectable track records. While looking at the past awardees list, I could also see at least five of the businesspersons who couldn't hold up to our expectations and have gone underwater with a very bleak future for their family-owned businesses.

Family-owned businesses form the backbone of economies across the world, generating more employment and economic output than any other type of commercial organisation. Their unique vision, value, and legacy are evident in their deeply rooted value systems, practices, agile decision-making, and track record of legacy building. Their long-term values help them invest in strong, durable relationships with people and business partners, giving them a competitive edge.

However, we have also seen these businesses undergoing a downward trend after the demise of their principal architect or founder, making these one-generation or may be hardly two-generation businesses. Upon investigations, we learned about the causes being family feuds, absence of strategic direction, not being able to withstand competition, poor financial management, diversion of funds and inability to adopt to market changes. We also found that the next generation, especially daughters, not being interested in the business or even migrating abroad, captive management or decision-making in the hands of the promoters or no delegation of authority to the management or even internal corruption or defalcation of funds along with employee fraudulence.

Along with the above challenges, the key priorities facing the family-owned businesses over the next few years would also be improving digital capabilities, expanding into new markets, introducing new products and services, increasing use of new technologies and protecting the core business and covering costs. Many such businesses are already focusing on protecting their core businesses.

Issues related to sustainability are lower down the priority order for such businesses. They are slightly less likely to have at least one issue related to sustainability or the local community as a key priority compared with the global average.

However, most family-owned businesses in Bangladesh seemed to be positive about the clarity of roles and strength of leadership within the business. In addition, most such businesses, especially if the next generation is educated, feel the need to embrace rather than resist change.

We have already realised that digital transformation and innovation are key to the long-term success of businesses. And family businesses too must keep pace with digital technology or risk being blindsided by other game changers. Transformation can deliver a wide array of benefits to family-owned businesses, including helping them strengthen their competencies, optimise internal processes, become more customer-centric, improve decision-making, and achieve durable competitive advantage. In an increasingly complex and competitive world, achieving these outcomes is now more critical than ever.

Leading family-owned businesses across the world apply professional corporate governance processes and standards for many years. Globally, companies are moving towards implementing functioning family governance structures as well.

Succession is one of the most critical factors in sustaining the success and continuity of any family-owned business. This means it isn't simply an event, but a process that must be planned carefully. An effective business continuity or succession process must focus on areas ranging from leadership and ownership to values and purpose to wealth management and stewardship.

Various survey findings show that it's no longer enough to rely on values and legacy to propel the business forward. Tomorrow's family-owned business requires a new approach for lasting success, one based on accelerated digital transformation, prioritisation of sustainability goals, and professional family governance. It would soon be either accept change, compete or get lost.

The author is chairman of Financial Excellence

Russia sets price floor for wheat at int'l tenders

REUTERS, *Moscow*

Russia's agriculture ministry asked exporters at a closed-door meeting on Friday not to sell wheat by tender to international buyers below a minimum price, two sources with direct knowledge of the matter told Reuters.

The recommendation introduces a de-facto price floor of \$250 per metric ton on a free-on-board basis for wheat from Russia, the world's biggest exporter of the grain.

The floor is set to curb exports that were flowing at high volumes in recent weeks as Russia fights domestic inflation, which is running at about 9 percent.

Russia's Grain Exporters Union said in a statement after the meeting the ministry also told exporters to engage in direct deals with buyers without third parties, as well as not to provide Russian grain to foreign firms that won international tenders below the new price floor.

"The harmful practice of recent months, caused by the vigorous activity and dumping by some 'new' exporters, must be eradicated," the union said. "Russian grain should be supplied to consumers only by Russian exporters," it added.

One of the sources said the ministry gave exporters one week to implement the recommendations.

Agricultural workers operate combines and trucks in a field during wheat harvesting near the village of Solyanoye in the Omsk region of Russia. PHOTO: REUTERS/FILE

The union said Russian grain-export potential is seen at 55 million to 57 million tons in the 2024/25 season. One Russian trader told Reuters that the announced curbs forced exporters to take risks that were previously taken by intermediary firms.

"We do not have sufficient risk-hedging tools for exporters," the trader said.

Russia earlier announced a 41 percent increase in its wheat-export duty to 1,872 roubles (\$19.51) per ton on Oct. 16, up from 1,328.3 roubles previously. It was widely seen as another measure to curb exports.

The new duty reflects higher prices for Russian wheat at Saudi Arabia's wheat tender held on Oct. 7, which ranged from \$230 to \$243 per ton free on board.

The union had earlier accused unspecified exporters of shipping excessive volumes at low prices and said it would ask the agriculture ministry to review the quota-distribution mechanism for the second half of the season.

Under the current system, the ministry allocates export quotas for the second half of the export season from Feb. 15 to June 30, with volumes depending on shipments in the quota-free first half.

Traders said the duty increase could have been larger.

"It's not very bullish in the end if that's all they're announcing. It's like \$5-\$6 a ton. People were pricing bigger risks, so the market might come off," a European trader commented.

READ MORE ON B2

India's 100 richest tycoons surpass \$1tn milestone

ANN/THE STATESMAN

The collective wealth of India's 100 richest tycoons surpassed the trillion dollar milestone for the first time as more than 80 per cent of the country's richest tycoons are now wealthier than they were a year ago, a Forbes report showed on Thursday.

In a record-breaking year, India's wealthiest are now worth \$1.1 trillion, more than twice as rich as they were in 2019, according to the Forbes list of India's top 100 billionaires.

"The biggest dollar gainer is infrastructure magnate Gautam Adani, who posted a strong recovery from last year's short-selling attack and recently placed his sons and nephews in key positions," the report noted.

"With his brother Vinod (Adani), he added \$48 billion to take the family's net worth to \$116 billion, enough to retain the No. 2 position," it added.

India's richest individual, Mukesh Ambani, chairman and managing director of Reliance Industries, was the second-biggest gainer in dollar terms this year, up \$27.5 billion to \$119.5 billion.

According to the report, India's wealthiest added \$316 billion or nearly 40 per cent in just the past 12 months, as investor enthusiasm about the country's growth story remains robust under Prime Minister Narendra Modi's third term.

"Savitri Jindal, matriarch of steel-to-power conglomerate OP Jindal Group, whose son Sajjan Jindal recently made an ambitious foray into electric vehicles with MG Motor, moved up to No. 3 for the first time. She's one of nine women on the list, up from eight a year ago," the report revealed.

Mahima Datla, who controls privately-held vaccine producer Biological E. is one of four newcomers to the Forbes list.

Others on the coveted list are B. Partha Saradhi Reddy, founder of Hetero Labs, a maker of generic medicines and pharma ingredients; Harish Ahuja of apparel maker Shahi Exports and Surender Saluja, founder and chairman of Premier Energies, which makes solar panels and modules.

Dilip Shanghvi, founder of Sun Pharmaceutical Industries, jumped three spots to fifth position with \$32.4 billion and siblings Sudhir and Samir Mehta of Torrent Group more than doubled their wealth to \$16.3 billion.

From the Godrej family, brothers Adi and Nadir Godrej, who control listed companies under the Godrej Industries Group, and their cousins Jamshyd Godrej and Smita Crishna Godrej, who control privately-held flagship Godrej & Boyce under the Godrej Enterprises Group, are on the list.

Nikhil Kamath, 38, who co-founded and runs online brokerage Zerodha with his brother Nithin, 45, is among the six nonagenarians on the list.

China tees up fresh spending to boost ailing economy

AFP, *Beijing*

China said Saturday it would issue special bonds to help its sputtering economy, signalling a spending spree to bolster banks, shore up the property market and ease local government debt as part of one of its biggest support packages in years.

The plan is part of a series of actions undertaken by Beijing to draw a line under a years-long property sector crisis and chronically low consumption that has plagued the world's second biggest economy.

Beijing's planned special bonds are aimed at boosting the capital available to banks -- part of a push to get them lending in the hopes of firing up sluggish consumer spending.

China is also preparing to allow local governments to borrow more to fund the acquisition of unused land for development, aimed at pulling the property market out of a prolonged slump.

No figures were provided on the planned special bonds announced at a highly anticipated press conference by Finance Minister Lan Fo'an and other officials, following a series of steps launched in recent weeks that have included interest rate cuts and liquidity for banks.

But Lan said China still has room "to issue debts and increase the deficit" to fund the new measures.

Officials have been battling to reverse China's slowdown and achieve a growth target of five percent this year -- enviable for many Western countries but a far cry from the double-digit expansion that for years boosted the Asian giant.

On Saturday, Lan said Beijing was "accelerating the use of additional treasury bonds, and ultra-long-term special treasury bonds are also being issued for use".

Women are seen outside of a restaurant in Beijing, China. PHOTO: AFP/FILE

"In the next three months, a total of 2.3 trillion yuan of special bond funds can be arranged for use in various places," he added.

On top of that, Beijing also plans to "issue special government bonds to support large state-owned commercial banks," Lan said, although he did not say how much.

Chinese authorities have been urging commercial banks to lend more and lower mortgage rates -- measures that would put more cash into the pockets of consumers.

Beijing's bonds would therefore offer banks help to shore up their capital, giving them greater leeway to lend more.

Local governments will be issued special bonds enabling them to acquire unused and idle land for development, Vice Finance Minister Liao Min said.

The move would "help ease liquidity and debt pressures on local governments and real estate companies," he explained.

Beijing will also encourage the acquisition of existing commercial properties to be used as affordable housing.

However, analysts expressed frustration that Beijing had refrained from putting a number on further fiscal stimulus.

READ MORE ON B2