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Indo-Bangla cargo trade potential untapped

ANN/ THE STATESMAN

The absence of large barges seized by Indian and Pakistani authorities during the Bangladesh war of liberation in 1971 and subsequent constraints stand in the way of an increase in Indo-Bangla riverine cargo traffic despite the potential for its marked growth from four lakh tonnes to about two million tonnes.

There used to be considerable cargo traffic along riverine routes before partition, owing to the existence of very few road and railway links between the erstwhile East and West Bengal.

The partition ended the passage of barges laden with jute and leather from the east sailing past vessels laden with coal, salt, food grains and textiles from the Kolkata port.

There has been an increase in trade since the mid-1990s but the immense potential for growth is yet to be tapped.

Instead of barges with a capacity of 2,000 to 2,500 tonnes, smaller vessels with a capacity of five to six hundred tonnes presently sail across riverine borders from Kolkata and Haldia ports.

The reduction of tonnage has led to a depletion of the quantity of cargo, resulting in lower bi-lateral trade, according to a senior official of the Kolkata Port Trust (KoPT).

The lack of a proper jetty near Narayangunj near Dhaka is a major constraint in the increase of container traffic.

Cargo was scheduled to be loaded and unloaded at four terminals of each of the countries according to the Indo-Bagla treaty.

Though the number of such terminals has increased on the Indian side, there has not been a proportionate increase in facilities on the other side of the border.

New DMD of Shahjalal Islami Bank

Muhammad Ali has been appointed deputy managing director (DMD) of Shahjalal Islami Bank Ltd. He joined the head office of the bank as senior executive vice president on July 24, 2005.

Ali started his career with Sonali Bank in 1977 as a probationary officer after completion of post graduation with honours in Economics, says a press release.

He joined the National Bank Ltd in 1983 and served as head of Foreign Exchange Department of the Khatunganj branch in Chittagong.

Garments exports to US rise 19.63pc

BDNEWS, *Dhaka*

Exports of woven and knit garments to the US market rose 19.63 percent during the first 10 months of the quota-free regime, which began on January 1, 2005, over the same period of the previous year, official sources said.

The growth in export to US market came after three years of downtrend caused by phasing out of quota for the third category of textile products under the Multi-fibre Agreement (MFA), besides major reduction in prices of similar exports from China.

Sources at the Export Promotion Bureau (EPB) said Bangladesh fetched a total of US$2.0 billion and $ 400 million respectively by exporting woven and knit garments to the US markets in ten months of 2005.

"Exporters have been able to recover from the declining trend of the last three years due to higher growth of exports this year," said an EPB official, seeking anonymity.

Annisul Huq, former president of the Bangladesh Garment Manufacturers and Exporters Association (BGMEA), said the local exporters have managed to increase exports due to imposition of quota on Chinese textiles products by the US government.

He said this trend might continue until 2008. "But after the expiry of quota on Chinese textiles, the local exporters will face stiff competition in the US market," he said.

US Trade Representative Rob Portman at the World Trade Organisation (WTO) Ministerial Conference in Hong Kong referred to a 20 percent growth in garment export to US market and made it a case for denying duty-free access for the products to the US market.

In 2001, the country earned $1.83 billion and $370 million from woven and knitwear exports to the US market, sources said.

The exports of woven and knitwear to US market fell by 37 and 24 percent respectively in 2004 over 2001.

The share of Bangladeshi woven garments in the US market also declined in 2004 to 2.66 percent from 3.14 percent in 2001, sources said.

"China reduced its textile prices drastically in 2003 and 2004, which had a negative impact on our exports," the EPB official noted.

Providing duty-free access for products from 33 African and Caribbean countries under the African Growth and Opportunity Act (AGOA) also contributed to the fall in garment exports from Bangladesh, he added.

Ananya Raihan, executive director of the Development Research Network, said India would be Bangladesh's major competitor in the US markets until the end of quota system for Chinese textiles in 2008.

PHOTO: SUMMIT POWER

Summit Power Ltd (SPL) recently signed 'Club financing arrangement' agreements with Standard Chartered Bank, Dutch-Bangla Bank, Commercial Bank of Ceylon and the Premier Bank Ltd totaling Tk 89 crore to install power plants for generating additional 37 MW power. Directors of SPL and senior officials of the banks are seen in the picture.

Summit Power to add 37MW more to nat'l grid by Aug

STAR BUSINESS REPORT

Summit Power Ltd (SPL), the first Bangladeshi independent power company that went public recently, is expanding its existing 33 MW power plant by an additional 37 MW totaling 70 MW.

Summit recently signed 'Club financing arrangement' agreements with Standard Chartered Bank, Dutch-Bangla Bank, Commercial Bank of Ceylon and the Premier Bank Ltd totaling Tk 89 crore.

The debt will be utilised along with the equity raised through public offering of Tk 28 crore, initial sponsors fund and retained earning to implement the project, said a press release.

Summit had gone public to expand its generation capacity by 28 MW but it is expanding the project by 37 MW in view of the increasing power demand.

"Through efficient utilisation of funds, Summit is confident to implement additional 9 MW with the same amount of money," said Md Mamunur Rashid, financial controller of SPL.

The company has purchased equipment from Wartsila Finland OY, Siemens Bangladesh, AEG Germany and Energy Pac Ltd, a local company.

Mirza Khairuzzaman, executive director of the company, said the project will be implemented within August 2006, which will add 37 MW to the national grid.

HSBC Global Markets' workshop on forex markets

The Global Markets department of the Hongkong and Shanghai Banking Corporation (HSBC) Ltd in Bangladesh organised a workshop on foreign exchange markets, including fundamental and technical analysis, in Cox's Bazar from December 23 to 25, 2005.

Dealers from 13 local private banks, three nationalised banks and the central bank participated in the workshop, says a press release.

Tarique I Khan, manager of Global Markets of HSBC Bangladesh, delivered presentations on Fundamental and Technical Analysis of foreign exchange markets, followed by an open and lively discussion among the participants on current market conditions.

Djuice, Pizza Hut Chittagong sign partnership agreement

Pizza Hut Chittagong and Djuice signed an agreement for a strategic partnership between the two brands.

Under the deal, Djuice subscribers will be rewarded with a free Pepsi upon purchase of any Personal Pan Pizza, per person from Pizza Hut. A Djuice card holder will also enjoy unlimited refills of Pepsi with the purchase worth of Tk 300 per person, says a press release.

In addition, complementary gifts will also be given away to Djuice subscribers dining at Pizza Hut at certain periods. Unplugged concerts and other events will also be arranged at Pizza Hut just for Djuice subscribers.

Rubaba Dawla Matin, acting head of Marketing of GrameenPhone Ltd, and Akku Chowdhury, head of Operations of Transcom Foods Ltd, signed the partnership deal on behalf of their respective organisations.

Pizza Hut Dhaka is already a strategic partner of Djuice and offering extra benefits to Djuice subscribers in the capital.

Oil above $63

REUTERS, *London*

Oil rose above $63 a barrel on Friday as geopolitical factors in the Middle East and other key oil-producing regions sparked concerns over global supplies.

US February light crude climbed 75 cents to $63.54 a barrel by 1220 GMT.

US crude prices have posted gains of more than $5 since late last week, led by fresh investor money flowing into the market seeking to capitalize on the strength of commodities.

QUOTA-FREE REGIME

Indian textile industry in expansion overdrive

PALLAB BHATTACHARYA, *New Delhi*

Albeit a little late, Indian textile industry is at present in an expansion overdrive to take greater advantage of the quota-free international textile regime.

Industry sources said although Indian textile manufacturers have grown in post-quota regime, it is yet to realise the full potential of the changing global scenario mainly because of inadequate production capacity.

Textile units have taken nearly Rs 13,000 crore in the last three years from government of India's Technology Upgradation Fund (TUF), which would see an addition of six million spindles and 30,000 shuttle looms this year.

The TUF, floated with a corpus fund of Rs 25,000 crore by the government to help textile companies upgrade technology, is viewed by textile industry as a life-saver for textile industry.

Texprocil Executive Director Siddhartha Rajagopal says foreign buyers see India as a preferred supplier next to China, but they are keen to do business with suppliers who give one-stop solution and are able to provide the volume.

He said TUF would help Indian textile manufacturers strengthen their global operations as it would allow them to achieve economy of scale, which China has already achieved. Thanks to TUF, annual turnover of Indian textile companies will go up by 36 percent, he added.

Krishna Knitwear Tech Ltd Chairman Sanjay Kumar Tayal said most Indian textile manufacturers have not been able to attain economies of scale and now they are in a drive for capacity-expansion.

The US-China textile agreement, which restricts exports of 34 clothing and textile categories, is seen as working in favour of Indian textile sector and will allow India to expand its presence in export market, said a textile analyst.

The TUF scheme has been of immense help to Indian textile companies in strengthening their production, he pointed out.

To grab the opportunity provided by quota-free regime, some Indian companies, which have diversified into textile recently, have also begun expanding their textile business.

Among them are Gujarat Heavy Chemicals, Sintex Industries, Visaka Industries and Century Textiles and Industries.

Sintex, known for their plastic overhead tanks, gets about 30 percent of their Rs 700 crore turnover from textile business and planned a Rs 170 crore expansion to increase its cloth capacity to 24 million metres from 18 million metres. The company already supplies to some leading readymade garment brands in India.

Gujarat Heavy Chemicals, a soda ash major, recently acquired 90 percent stake in US-based Dan River Inc, which is the third largest company in the US in home furnishings and fabric market with an annual turnover of $250 million. Prior to this, the Indian company's textile business accounted for 20 percent of its Rs 700 crore turnover.

Visaka Industries, whose main interest was in cement filament sheets, has already entered into textile export business and has begun its capacity expansion in garments and spinning-weaving business by earmarking Rs 210 crore. The company manages 30 percent of its business from textile export.

Century Textiles and Industries, traditionally known for its presence in paper, cement and textile sectors, is planning to double its production of its denim.

PHOTO: GRAMEENPHONE

Rubaba Dawla Matin, acting head of Marketing of GrameenPhone Ltd, and Akku Chowdhury, head of Operations of Transcom Foods Ltd, franchisee of Pizza Hut in Bangladesh, pose for photographs at an agreement signing ceremony recently. Under the deal, Djuice subscribers will get exclusive benefits from Pizza Hut Chittagong.

US denies being in China's economic grip

AFP, *Washington*

Treasury Secretary John Snow denied Thursday that China has the United States in an economic stranglehold but renewed demands for greater currency flexibility from Beijing.

Addressing a call-in show on the C-SPAN television network, Snow was asked whether China's heavy holdings of US government bonds left Washington vulnerable if Beijing were to flex its military or diplomatic muscles.

"No, I don't think so, and I don't think that's the way it would play out," the Treasury chief said.

"Remember, people who own US securities have an interest in seeing that paper, whether it's equities or debt paper, sustain its value," he said.

"China is a large holder, a sizeable holder of US paper. But it's not large relative to the whole market. If the value of our paper were to fall, they would find they had a large loss of net wealth. It's not in their interests."

Much of the dollar income that China has amassed from its booming exports has been recycled back into US Treasuries, prompting disquiet among some here that Beijing could one day exert economic pressure on the United States.

At the end of October, China held 247.6 billion dollars in Treasury bonds, second only to Japan's 681.6 billion, according to US government figures.

Snow said that even if China were ever tempted to dump some of its Treasury holdings, the United States would easily find other sources of investment.

"There's no other market in the world like the US Treasury market. And people invest in it because it is such an attractive market," he said.

"So it's a good investment for them (China) and I discount very much the prospect you raise."

Snow repeated US calls for China to let market forces play a greater role in setting the value of its currency, the yuan, which critics say remains overvalued against the dollar despite a July revaluation.

"That was an important step. But now they need to move further. They need to move to greater flexibility," Snow said, recalling that he pressed Chinese leaders on the issue during an October visit to the country.

"And I found that they are putting in place mechanisms to allow the currency to have greater flexibility," such as new foreign exchange trading systems, Snow said.

Airbus sees crown slip in battle for the skies

AFP, *Paris*

The European consortium Airbus looked set Thursday to be overtaken by arch-rival Boeing in the race for new business, as the US company announced a record 1,002 orders in 2005 following a remarkable comeback.

In a statement issued by the manufacturer, Boeing declared that it had smashed its previous record for the number of orders received in a year -- previously 877 in 1987 -- and Boeing chief of commercial planes Alan Mulally said the Chicago-based group had enjoyed "an incredible year".

Airbus, which has been number one for orders since 2001, is expected to announce that it also received a record number 2005 when it gives an update on January 17.