

POWER CRISIS

Production costs go up in N'ganj RMG units

SARWAR A CHOWDHURY, back from Narayanganj

Frequent power outage is hitting hard the apparel factories in Narayanganj, pushing production costs up, said manufacturers.

They also said the erratic power supply has resulted in decline in production volumes in the factories based in Narayanganj BSCIC Industrial Area.

The manufacturers said they face power outage for four to five hours a day on an average.

They said the factories use petroleum fuel-run power generators during power cut but the alternative system is pushing costs of production up.

Moreover, factory owners often find it difficult to maintain shipment schedule following decline in production volume.

If the situation continues, the country's apparel especially knit factories will lose competitiveness in the global market, exporters warned.

Talking to this correspondent during a visit to Narayanganj last

week, Ibrahim Khalil, chairman of Pantex Dress Ltd, said the erratic power supply has severely affected the normal production at his unit. "I have to spend around Tk 20,000 on running generators a day."

Moreover, he said, with the fuel price soaring it is difficult to run factories. "The main problem is that I cannot maintain the shipment schedule. I have to arrange the shipment by air, resulting in rise in production cost."

Anwar Hossain, director of Scarlet Knitwears Ltd, said they

have to pay \$3.60 per kg goods as air space fare, which was below \$2 earlier."

Md Feroz Wahid, chairman of Fashion Compiler Ltd, said he has to buy a new 110KV power generator at a cost of Tk12 lakh to maintain his production. His factory has also another 100KV power generator.

A production manager of Moqbul Hosiery and Garments said due to frequent power crisis production volume at his unit has reduced to 4,500 -5,000 pieces of apparel items from 6,000 pieces.

Oil prices higher in Asian trade

AFP, Singapore

Oil prices rose in Asian trade Thursday as increased gasoline (petrol) demand offset news of healthy US stockpiles, dealers said.

In late-morning trade, New York's main contract, light sweet crude for June delivery, was at 72.42 dollars a barrel, up 29 cents from 72.13 dollars in late New York Wednesday.

Brent North Sea crude for June delivery was at 72.63 dollars, up 19 cents.

Although the United States Department of Energy (DoE) reported Wednesday a rise in US stockpiles of energy products, dealers said the increase in supply may not meet higher demand.

"The data did show an increase in gasoline and crude, but I think that the key reason why the market rose is because of the change in demand," said Darius Kowalczyk a Hong Kong-based senior investment strategist with CFC Seymour.

"There is a big pickup in demand for both gasoline and crude as well," he said.

US crude oil reserves rose by 300,000 barrels to 347 million in the week to May 5, their highest level since May 1998.

Kowalczyk said this increase was offset by higher demand for crude from US refineries.

"With US refineries coming out of maintenance ... they are burning more crude oil so demand for crude is also rebounding," he said.

Similarly gasoline reserves, which rose 2.4 million barrels to 205.1 million barrels, were also offset by rising demand, Kowalczyk said.

Steel plant won't hurt local firms: Tata

UNB, Dhaka

The proposed investment by Tata Group in steel sector will in no way hamper the interest of local manufacturers, according to the resident director of Tata Group.

"Tata will produce the hot rolled (HR) coils, particularly to support the cold rolled (CR) sheet producers. The local steel manufacturers do not produce this product... So, Tata will never become their competitor," said S Manzer Hussain in an interview with the news agency.

He said instead of impeding the growth of the local steel manufacturing industry, particularly those producing MS rod, Tata will support the CR sheet producers.

The local steel manufacturers, particularly the operators of steel and re-rolling mills, expressed sharp reaction to the recently submitted revised proposal of the Indian industrial conglomerate for setting up a steel plant with a production capacity of 2.4 million tons per annum.

The local steel producers apprehend Tata's steel plant will be a great threat to their units - about 100 steel mills and 300 re-rolling mills - which presently produce about 2 million tons of MS rod.

They said the industrial units, developed by the local entrepreneurs through an investment of about Tk 5,000 crore, will face

closure if Tata's heavyweight steel plant comes into operation.

In a recent press conference, the local producers urged the government not to allow the Tata Group to set up its steel plant for the sake of protecting the local steel industry.

But Tata officials totally disagree with the concerns of the local steel manufacturers.

Explaining the project, Manzer said the Tata steel plant will produce hot rolled coil from iron ore as primary raw materials for the local cold rolling mills and tube industry.

The shipbuilding industry can also be the potential buyers of the Tata's HR coils with a thickness between 1.6 mm and 2.2 mm.

The Tata resident director said at present there are eight to nine large CR sheet producing plants operating in the country that mainly produce corrugated sheets.

These plants include Rahim Steel, PHP, Abul Khair, Apollo, RM Steel and NGS. The annual requirement of hot rolled coil by these factories is about 0.8 million tons a year.

All the mills in the country import HR coils worth US\$ 500 million per annum to produce their CR sheets and corrugated sheets. Tata's Indian steel plant is also a major source of these raw materials for these plants.

"Actually, Tata steel plant in Bangladesh will substitute those imported raw materials saving huge

amount of foreign currency for Bangladesh," Manzer said.

He said after meeting the local demand of the HR coils, Tata will export the rest to the international market.

The local steel manufacturers, particularly the steel and re-rolling mills, never use the HR coils. They use the locally collected scraps and other imported billet of old ships, he added.

"Tata will never go to produce MS rod or those products the local manufacturers have been producing," the Tata resident director said.

He mentioned Tata will produce a very small amount of sponge iron, which the local steel manufacturers also produce.

"Tata will produce sponge iron for its own consumption, not to sell in the local market," he said, adding that there is no possibility of any conflict with the local steel and re-rolling mill operators.

Manzer said the Tata steel plant will create about 3,500 direct employment for Bangladeshis while the indirect employment will be triple.

He said Tata will establish a training institute and a 100-bed general hospital in its steel project area as part of its social welfare services.

Gold rises to new 25-year high above \$725

AP, New York

Gold prices surged to a new 25-year high above \$725 an ounce Thursday, on inflationary worries expressed by the U.S. Federal Reserve.

Persistent concerns about Iran's nuclear ambitions also lifted the metal, which is viewed as a hedge against currency weakness, inflation and geopolitical instability.

The June gold contract rose as high as \$728 an ounce Wednesday on the New York Mercantile Exchange, its strongest level since 1980. It eased back in morning trading to \$726.50, up \$20.80 on the day.

The gains came despite the dollar's modest recovery against other major currencies after the U.S. Federal Reserve lifted interest rates to 5 percent and left the door open for further hikes.

Gold investors focused instead on the inflationary fears expressed in the Fed's statement and on the possible inflationary impact of surging prices of crude oil prices and industrial metals, traders and analysts said.

"Inflationary expectations seem to be rising in the U.S. and you could argue some of those expectations are coming from rising commodity prices," said Robert Rennie, chief currency strategist for Australia's Westpac bank.

Gold continues to garner support from concerns over the implications of a showdown between Iran and the U.S. over Tehran's nuclear ambitions.

At the same time, speculation that China and other Asian countries may be turning to gold as a way to reduce their foreign reserve holdings mostly denominated in dollars on a weakening U.S. dollar is also spurring investor sentiment, participants said.



PHOTO: STAR

Fisheries and Livestock Minister Abdullah Al Noman inaugurates a three-day information technology (IT) fair styled 'IT Mela 2006' in Agrabad, Chittagong yesterday.

IT fair kicks off in Ctg

OUR CORRESPONDENT, Ctg

A three-day information technology (IT) fair styled 'IT Mela 2006' began here yesterday.

Fisheries and Livestock Minister Abdullah Al Noman inaugurated the fair at Banani Complex community centre in Agrabad.

Bangladesh Association of Software and Information Services (BASIS) is organising the event while its President Sarwar Alam presided over the inaugural ceremony.

Speakers at the inauguration hoped the fair would introduce modern IT products and services to local students, users, corporate bodies and government and non-government organisations.

Around 40 IT firms from Dhaka and Chittagong with 60 stalls are showcasing various software, hardware, multimedia, internet and telecoms products and services at

the fair.

The fair drew a huge number of visitors on the first day while the participating firms offered different discounts on their products.

International Office Machines (IOM) Ltd, a Dhaka-based company, offered Tk 3,000 special discount on each of the five latest models of Toshiba brand laptops.

IOM Assistant Manager Toufiq Imam Hossain said customers can avail loan facilities from Brac Bank Ltd for up to 18-24 months to buy any Toshiba brand laptop with easy monthly instalment facilities.

Link 3 Technology Ltd offered broadband connection to any office with free installation facility and 50 percent discount on each connection during the fair, said Iqbal Hossain, the company's branch manager.

Abdus Sakur, marketing in charge of Systech Digital, a Dhaka-based firm, said they offer 35 per-

cent discount on every IT-related books and CDs during the fair.

Chittagong On Line, official internet service provider (ISP) of the show, is providing free browsing facilities at the fair for all and free internet connection for all the stalls.

The exhibition will remain open for all free of cost from 10am to 8pm every day.

GSP Finance increases its paid-up shares

Paid-up shares of GSP Finance Company (Bangladesh) Ltd have been increased by 1,70,000 bonus shares (i.e. 10 percent of 17,00,000 shares) with effect from April 23, 2006.

Now the total paid-up shares of the company stand at 18,70,000 and the amount of total equity stands at Tk 30,03,23,554, says a press release.



PHOTO: DCCI

MA Momen (L), president of Dhaka Chamber of Commerce & Industry (DCCI), speaks at a business meeting between DCCI members and a high-profile economic and trade delegation of Chinese government on Wednesday in the capital. Ding Ping (C), deputy chairman of China Council for the Promotion of International Trade and the delegation leader, is also seen.