Star BUSINESS

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EU ANTI-DUMPING STEPS AGAINST CHINA, VIETNAM

Exporters eye 30pc rise in footwear exports

Duty-free import of accessories demanded

STAR BUSINESS REPORT

Exporters are eyeing a 30 percent rise in leather footwear exports to the EU countries this fiscal on the backdrop of European Union's anti-dumping measures for a period of two years against leather footwear from Vietnam and China, according to industry insiders.

Describing China and Vietnam as main competitors of Bangladesh in the EU market, they observed that the restrictions imposed against these two countries would ultimately open a new avenue for augmenting the country's footwear exports.

The 25-member EU slapped 10 per cent and 16.5 per cent anti-dumping duty on Vietnam and Chinese shoes respectively from October 4, 2006.

The latest measure followed the EU's imposition of temporary duties in April on shoe shipments from the two countries, which, the exporters said, would place Dhaka in a competitive position.

"This is the great opportunity for Bangladeshi leather footwear exporters to get orders from the EU countries because China and Vietnam might not be able to export the same amount they did earlier," Tipu Sultan, president of the Bangladesh Finished Leather, Leather Goods and Footwear Exporters Association (BFLLGFEA), said, expecting huge export orders from the EU market this fiscal.

He further said, "If we get even some portion of the export orders China and Vietnam dominated earlier, it is possible to increase export earnings from the sector by at least 30 percent."

According to the BFLLGFEA, Bangladesh exports 60 percent of its total leather footwear to the EU region, 30 per cent to Japan and 10 per cent to other parts of the world.

Terming the leather footwear sector 'most potential', the BFLLGFEA president said Bangladeshi shoes are becoming competitive in terms of quality and prices and have gained significant access to the world market.

He, however, spelt out some problems the sector has been facing for the last few years.

Leather-based factories and tanneries have been facing a huge crisis of raw hides, wet blue hides, crust and finished leather for the last few months, he said and urged the government to allow duty-free import of accessories for the footwear manufacturing sector.

Bangladesh earned $257.53 million from export of leather and leather goods in the immediate past fiscal year (2005-06). Out of it, the earning from leather products was nearly $68 million, the share of footwear is almost $61 million, according to the Export Promotion Bureau.

Tk1 lakh handed over to each family of 14 dead RMG workers

UNB, *Dhaka*

Bangladesh Garment Manufacturers and Exporters Association (BGMEA) yesterday gave compensation to the families of 14 garment workers, who died on duty on different occasions.

Women and Children Affairs Adviser Barkatullah Bulu handed over the cheques of life insurance worth Tk 1lakh to each family at a function at BGMEA office. Acting BGMEA President Moin Uddin Ahmed presided over the function.

The dead workers are Sajeda Begum of Colombia Garments, Mosammat Aklima of Opex Industries Limited, Ranu Akther of Swan Garments Limited, Moriyom Begum of Opex Fashions Limited, Salma of May Fashions Limited, Shilpi Akther of Capri Apparels Limited, M Masud Rana of Mondol Fabrics Limited, Rabiul Islam of Montex Fabrics Limited, Asma and Ashraful Islam of Kaniz Fashions Limited, Saiful Islam of Crazy Fashions Limited, Rubia Khatun of Standard Stitches Ltd (Garments Unit), Joynal Abedin of SQ Sweaters and Rana Mia of Apex Spinning and Knitting Mills Ltd.

Caretaker govt to face economic challenges

Says ICC-B

STAR BUSINESS REPORT

As the caretaker government is going to take over the administration on October 28 to conduct a free and fair national election, it is set to face some economic challenges, International Chamber of Commerce-Bangladesh (ICC-B) has said.

"This time the caretaker government will be facing some unprecedented hindrances in the socio-economic front not faced by the previous three caretaker governments. It will be facing power shortage, sky-high prices of essentials, increasing oil prices and unrest in RMG industry," ICC-B said in its quarterly news bulletin released on Sunday.

It said the constant deterioration of power supply dampened household and industrial activities. "In fact, macroeconomic stability is facing a great threat due to power shortage. Sustainable development of other physical infrastructure has also come under question as there is little improvement in performance of the Chittagong Port and the railway network."

In fact, the bulletin continued, poor performance of power and infrastructure has contributed significantly to Bangladesh's slippage in the Global Competitiveness Index to 99th position in 2006 from 98th position the year before.

"The World Economic Forum's annual survey report showed that Bangladesh ranked 121st in institutions and 117th in infrastructure among 125 countries covered in the report."

With the government steps proving futile in checking spiralling essential prices, it is very unlikely that inflation will ease in the coming months. The Bangladesh Bank is trying to apply monetary instruments to contain inflation but the inherent limitations of the monetary policy and lack of appropriate fiscal and administrative supports make it difficult , ICC-B said.

"Moreover, interest rates have increased significantly and consequently the cost of funds for businesses has gone up. The quarterly weighted average lending rate of all the banks stood at 12.06 percent in June 2006, up from 11.25 percent in December 2005," said ICC-B.

It said although official statistics showed annual average rate of inflation declined to 7.09 percent in July 2006 from 7.16 percent in June 2006, the price hike in Ramadan is going beyond any official estimation.

"As the government has not built up any effective market intervention mechanism, the situation has gone from bad to worse. Moreover, the three-month period of the caretaker government will have the experience of lean season for employment and a high spending spree due to election-related activities. So inflation may surge further."

The ICC-B bulletin said the government has not yet taken any decision on upward adjustment of fuel prices, as it is an 'un-popular decision' especially at the end of a political government. Taking the global reality into consideration, it would be wiser if the incumbent government raised prices of octane and petrol more than the prices of diesel and kerosene. "If the caretaker government has to take any decision on oil price adjustment that would be a very difficult task," it observed.

Nokia launches Cost Control solution for cellphone users

Espoo, Finland--Nokia has introduced a new solution called Nokia Cost Control, says a press release.

The easy to use Nokia feature is beneficial to operators that have a potential in lower-income consumer segments. The solution is provided to operators as a software implementation, and is supported by GSM phones, the release added.

A caller can fix the cost of the call before connecting. After the money is spent the call will be cut off automatically, giving the caller total control over his/her spending.

The Nokia Cost Control solution is designed to support consumers in multiple ways, giving the control over the expenditure on single calls.

Nokia Cost Control can be implemented with the Nokia Intelligent Network platform and the Nokia Unified Charging Suite, a solution for convergent charging.

Nokia profits shrink in 3Q

AFP, *Helsinki*

Nokia, the world's leading maker of mobile phones, on Thursday reported a four percent drop in third quarter net profit owing to a sharp decline in the average selling price for its handsets.

The price of Nokia shares fell almost four percent on the news, to 15.31 euros, two hours after the earnings report was released.

Tata may make formal Corus offer today

AFP, *New Delhi*

India's Tata Steel is likely to make a formal takeover bid for Anglo-Dutch steelmaker Corus Group today which could be at a higher price than previously offered, the Business Standard newspaper said Thursday.

The newspaper said Tata Steel was "likely to make a firm bid" for Corus on Friday that could be above its indicative offer of 455 pence per share due to possible counter-bids.

The current Tata offer values Corus Group at 4.05 billion pounds (6.03 billion euros, 7.56 billion dollars) and would be the biggest ever foreign acquisition by an Indian company.

Russia's largest steelmaker Severstal, and Novolipetsk, its fourth largest, are also reported to be interested in Corus.

A Tata Steel spokesman declined comment on the Business Standard report.

PHOTO: DBBL

Finance Minister M Saifur Rahman inaugurates the 32nd branch of Dutch-Bangla Bank Ltd(DBBL) on M Saifur Rahman Road in Moulvi Bazar yesterday. DBBL Chairman Abul Hasnat Md Rashidul Islam and Managing Director Yeasin Ali were also present.

BGMEA team off to China

UNB,*Dhaka*

A 35-member delegation of Bangladesh Garment Manufacturers and Exporters Association (BGMEA) left Dhaka yesterday for China to participate in a 4-day sewing machinery fair in Shanghai.

BGMEA President SM Fazlul Hoque is leading the delegation to the Shanghai International Garment Machinery and Accessories Fair (SIGMA 2006) being held on October 20-23.

The BGMEA delegation is visiting China at the invitation of the organisers displaying their garment machinery products at the fair. Around 80 percent of the garment machinery now being used in Bangladesh are from China.

China Sewing Machinery Association and China National Garment Association organised the event, supported by leading garment associations in Asia.During the visit, the delegation would invite Chinese entrepreneurs to set up joint venture projects in Bangladesh to produce hi-tech apparel items in which Bangladesh lacks expertise.

BGMEA is likely sign a "strategic cooperation agreement" with the authorities of Shanghai Garment Machinery Zone (SGMZ) to promote mutual benefits of the stakeholders from the two countries.

The delegation is expected to return home on October 25.Bangladesh suffers a trade deficit of around US$ 1.5 billion with China, as the country is heavily dependent on Chinese textiles and textile articles, machinery and mechanical appliances as well as electrical equipment.

In FY 2004-05, Bangladeshi goods exported to China US$ 56 million as against its huge imports from that country worth US$ 1.6 billion.

IMF predicts slower US growth, strong global outlook

AFP, *Paris*

The IMF chief economist on Wednesday predicted slower than expected growth next year in the United States, with a "dramatic" slowdown in the housing market, but said global momentum remained "very strong."

"All in all, there is a big uncertainty" regarding the economic outlook in the United States, said Raghuram Rajan, adding that he expected growth in the American economy in 2007 to be at 2.7 or 2.8 percent.

The International Monetary Fund said last month in its twice-yearly World Economic Outlook report that US growth would reach 3.4 percent this year before easing to 2.9 percent in 2007.

Rajan told journalists in Paris that "recent data suggest that the housing market in the US is slowing down very fast" and that the trend was "quite dramatic."

His comments came as the latest data on the US economy offered mixed signals on inflation and the critical housing market but suggested that expansion was continuing and prices were easing.

Housing starts rose 5.9 percent in September to a seasonally adjusted rate of 1.772 million units, the Commerce Department said, defying Wall Street forecasts of around 1.650 million units.

Vietnam, Japan to start FTA talks next year

AFP, *Tokyo*

Vietnam and Japan agreed Thursday to start talks next year on a free-trade agreement that they hope will almost double their trade by 2010, with Hanoi pledging to improve its investment climate.

Vietnamese Prime Minister Nguyen Tan Dung laid the groundwork for the negotiations during a visit to Tokyo, where he was the first foreign head of government to meet in Japan with new Prime Minister Shinzo Abe.

The two sides agreed to launch talks in January on an economic partnership agreement, a joint statement said.

"The two sides decided to facilitate favorable conditions for business circles of the two countries in the hope of expanding the two-way trade volume from 8.5 billion dollars in the year 2005 to 15 billion dollars by the year 2010," it said.

Vietnam is one of the world's fastest-growing economies. It expects gross domestic product to expand by 8.2 percent this year and is expected to join the World Trade Organization next month.

PHOTO: DHL

Fazlur Rahman Bhuiyan, general manager (Investment Promotion) of Bangladesh Export Processing Zones Authority (Bepza), and Ahsan Parvez, national financial controller of DHL Express Bangladesh, exchange documents after signing an agreement recently. Under the deal, a DHL service centre will be opened at Adamjee EPZ. Senior officials from both the sides are also seen.

Oil prices higher

AFP, *Singapore*

Oil prices rose in Asian trade Thursday as the market anticipated the outcome of an extraordinary Opec meeting later in the day on cutting output, dealers said.

At 11:14 am New York's main contract, light sweet crude for November delivery, gained 35 cents at 58.00 dollars a barrel from 57.65 dollars in late US trade Wednesday.

Brent North Sea crude for December delivery rose 24 cents to 59.82 dollars.