Star BUSINESS

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BGMEA joins Asian Apparel Federation

UNB, *Dhaka*

Bangladesh Garment Manufacturers and Exporters Association (BGMEA) has joined Asian Apparel Federation (AAF) as one of the seven founding members to exchange strengths of one country with others and ensure better share of the export markets.

Apex apparel industry associations from China, India, Pakistan, Sri Lanka, Vietnam and Cambodia are the other members of the newly formed regional trade body for the apparel industry.

The AAF was formed at a meeting among the member bodies in Shanghai, China on October 24. BGMEA President SM Fazlul Hoque, Director ANH Saif Uddin and senior member Mohammed Sirajul Huq attended the meeting.

"The federation is to protect common business interest of the member associations in the export markets," Fazlul Hoque told the news agency.

China as the apparel industry power house in the region initiated the formation of an "Asian Apparel Alliance" with apparel producers in the region, but the meeting adopted the name "Asian Apparel Federation" at the BGMEA's proposal.

Fazlul Hoque said the AAF as a private sector forum of the region for the industry would recommend the governments of the respective countries for their needs and the governments would consider the recommendations from their own perspectives.

He added that the AAF activities would not contradict with the country positions while the governments would consider bilateral, regional and multilateral trade negotiations.

The BGMEA president said the Federation would look for ways to get better market access in the up markets like the United States, European Union and other countries and, at the same time, within the markets of the member countries.

"We've the potential to get access even in the Chinese market," he said, explaining that China was now moving towards high-value items.

He said the member associations would also exchange strengths of one member with others to consolidate and expand market shares of the member associations. BGMEA Director Saif Uddin said the Shanghai meeting also formed core council of the federation with China as president, to be changed rotationally every two years. The AFF will have two vice presidents, who are yet to be selected.

BAD LOANS OF UTTARA BANK

Top 20 defaulters owe Tk185cr

REJAUL KARIM BYRON

The amount of loans the top 20 defaulters of Uttara Bank Ltd borrowed reached Tk185crore, which accounts for 51 per cent of the bank's total classified loans.

The bank has sued 14 defaulters so far to realise Tk153crore from them, although no case has been filed against the remaining 6 who owe Tk32 crore to the bank.

Bank sources said five private entrepreneurs among the top 20 are yet to repay the major portion of bank's bad loans amounting to Tk97crore.

Sonali Jute Mills Ltd, which owes Tk 41.57, tops the list of these defaulters of the bank, added the sources. Other four are Anwara Jute Mills Ltd (Tk 21crore), National Jute Mills Ltd (Tk12.43 crore), Taj Jute Backing Co Ltd (Tk11.13 crore) and Siddique Oil Refinery Ltd (Tk 11.04 crore).

Uttara Bank failed to get its money back from these loanees even after filing cases against them as the companies filed writ petition, the sources said.

Merely suing most of the top 20 defaulters did not help much in recovering the bank's money, admitted the managing director, Shamsuddin Ahmad.

This is happening only because of writ petitions filed by the defaulters against the bank's cases, he added.

Up to June 30, 2006, the Uttara Bank's total classified loan reached Tk 365 crore, which is 16.47 per cent of its total outstanding loan.

At the time of borrowing, the top four defaulters were state-owned enterprises (SoEs) and the Uttara Bank was also a nationalised bank. Later, the government denationalised the four SoEs and the private enterprises took the big amount of loans inherently.

The entrepreneurs in the private sector who bought these companies with a big amount of loans failed to repay the money to the bank so far. Subsequently, Uttara Bank sued the companies.

The bank won the case filed against Sonali Jute Mills in 1999, but it is yet to recover its money. The bank sources, however, said in a bid to realise the loan, both the bank and defaulting company recently came up with a bilateral consensus that the company would repay the money in a time span of 12 years. But the initiative went so far a futile exercise and now the bank awaits a court verdict to translate the consensus into a reality, the sources added.

Meanwhile, the bank filled cases against other four defaulters of the top 20, but the cases have not yet been disposed of.

Jatiya Party (JP) presidium member Rawshan Ersahd's Janata Publishers Ltd was in the lists of top 20 defaulters of the Uttara Bank. In recent time, the company rescheduled its loans and regularised it, the sources said.

Other listed defaulters are Hotel Ishaka International (Tk 10.94 crore), Habib Vegetable Product Ltd (Tk 9.56 crore), Golden Ship Breaking Industry Ltd (Tk 8.30 crore), Sohel Enterprise (Tk 7.20 crore), Mashiriqui Jute Mills Ltd (Tk 7.02 crore), Sardar Rokeya Cold Storage Ltd (Tk6.40crore), Rahman Jute Mills Ltd (Tk 5.43 crore), North Star Resources of Global Ltd (Tk5.41 crore), Raihan Motors Ltd (Tk 4.79 crore), Design Textile (BD) Ltd (Tk6.02crore), Sejan Steel Ltd (Tk 3.78 crore), The Fisheries Pvt Ltd (Tk 3.53 core), Monir Enterprise (Tk4.33 crore) and Dardha Garments (Tk 3.43 crore).

Warid Telecom gets Tk400cr syndicated financing facility

Twenty-two banks and two non-banking financial institutions (NBFIs) of Bangladesh have arranged Tk300 crore syndicated term loan facility for Warid Telecom while another bank, Islami Bank Bangladesh Ltd, provided Tk100 crore investment facility for the cellphone operator.

Chief executive officers (CEOs) of the banks and NBFIs signed the Tk300 crore term loan facility agreement with Sheikh Nahyan Bin Mubarak Al Nahyan, chairman of Abu Dhabi Group and Warid Telecom, at a function in Abu Dhabi on Tuesday, says a press release.

A separate memorandum of understanding was signed with Islami Bank Bangladesh Ltd for Tk100 crore under an HPSM (Hire Purchase Sheerkatul Meelk) investment facility for setting up a fibre optic cable network by Warid to provide better GSM (Global System for Mobile Communications) service.

The 50-member bankers' delegation was led by Md Matiul Islam, chairman of Industrial and Infrastructure Development Finance Company (IIDFC) Ltd, the lead arranger of the syndicated financing facility.

Earlier Warid Telecom remitted equity capital of Tk850 crore (US$130 million) to Bangladesh to maintain a healthy debt-equity ratio.

At the signing ceremony, Nahyan reiterated his Group's desire to invest in other areas in Bangladesh, adding that other GCC (Gulf Cooperation Council) counties will now be encouraged to invest in Bangladesh.

An Oxford graduate and Minister for Higher Education & Technology in UAE Nahyan also stressed the need for human resource development and technology upgradation that he considers more important than fund mobilisation.

In a separate address to the CEOs, he suggested that bankers in the quest for profit should not forget their social responsibility, obligation to the people and the need to work for poverty alleviation.

IIDFC Chairman Islam urged the Warid Telecom chairman to champion the causes of Bangladesh and Bangladeshis in the UAE.

PHOTO: IIDFC

Sheikh Nahyan Bin Mubarak Al Nahyan, chairman of Abu Dhabi Group and Warid Telecom, poses for photographs with chief executive officers of Bangladesh's different banks and non-banking financial institutions at an agreement signing ceremony on Tuesday in Abu Dhabi for arranging syndicated term loan facility for Warid Telecom.

China pledges more trade, aid for Africa

AFP, *Beijing*

China celebrated its relations with Africa Saturday by pledging to double aid and offering five billion dollars in loans and credits by 2009 in a summit aimed at deepening ties with the continent.

Chinese President Hu Jintao touted "the common pursuit of friendship, peace, cooperation and development" with Africa at the official opening of the Beijing Summit of the Forum on China-Africa Cooperation.

"Our meeting today will make history," Hu told 48 African countries represented at the Great Hall of the People.

"China will forever be a good friend, good partner and good brother of Africa," he said in his speech.

"Common development is the shared aspiration of the Chinese and African peoples... We are committed to pursuing mutually beneficial cooperation to bring the benefits of development to our peoples."

Hu announced fresh pledges of aid and loans in the next three years, saying China's aid would double by 2009, but stopped short of disclosing the value.

Bill on cards to regulate Indian micro-finance

PALLAB BHATTACHARYA, *New Delhi*

As Grameen Bank of Bangladesh plans to open its liaison office in India next month, Indian Finance Minister Palaniappan Chidambaram has said the Microfinance Regulating Bill being prepared by the government is aimed at protecting the poor against exploitation.

Addressing a conference of bankers in Hyderabad, he said the Bill, the preparation of which is in final stages, will have minimal impact on micro-finance activities.

The Bill to regulate the micro-finance sector is likely to be brought in the coming winter session of Indian Parliament beginning later this month, official sources said.

The micro-finance sector in India has been growing at a rate of 45-50 percent every year for the last few years.

Chidambaram also pointed to the Reserve Bank of India's advisory to Indian state governments, where the central bank has counselled caution while interfering with the activities of micro-finance institutions.

He, however, said: "We have a mindset of micro-finance in India that any interest rate not less than 20-25 per cent is exploitation. A rate of 25 per cent charged by money-lenders may be usurious. But for funds generated from banks, that pass through intermediaries and reach the end of customers, there is a cost in the process".

The finance minister's remarks came at a time when the government of southern Indian state of Andhra Pradesh passed an action plan, restraining the interest levels charged by micro-finance institutions to 15 per cent. Some of the micro-finance institutions in the state were accused of charging higher interest rates and of allegedly adopting strong arms tactics for loan recovery.

He said although rural and cooperative banks have a primary responsibility to reach rural masses, 71 per cent of the villagers are yet to reap the benefits of bank lending.

The Indian micro-finance sector--billed to have a potential of Rs135,000 crore--is likely to be regulated by the National Bank for Agriculture and Rural Development (NABARD). This means it will act as a regular for an estimated 400 million Indians who are out of the banking system, official sources said.

The NABARD first launched a pilot phase of Self Help Groups Bank Linkage programme in February, 1992. There are now over 2.2 million Self Help Groups and an additional 385,000 will be added by the end of the current fiscal.

FedEx Express to hike rate by 3.5pc from '07

REUTERS, *Chicago*

FedEx Corp said on Friday it will increase rates for express delivery unit FedEx Express by 3.5 percent, effective January 1, 2007.

FedEx shares rose more than 1 percent in early trade.

The Memphis, Tennessee-based package delivery company said it will raise its standard list rate by 5.5 percent, but the effect of the increase will be offset by a 2 percentage point reduction in its fuel surcharge.

FedEx introduced an identical rate increase a year ago for calendar year 2006.

"FedEx's 3.5 percent effective list rate increase at its flagship Express division is a good sign that domestic parcel pricing remains firm and rational," Morgan Stanley analyst William Greene wrote in a research note.

ANALYSING GLOBAL APPAREL MARKETS (II)

Distribution channels differ across EU states

LUIGI BERTORELLI

Distribution channels differ greatly across the EU member states. The UK has a high concentration of distribution, which is reflected in the relatively low market share of independent retailers. The southern member states, Portugal, Italy and Spain, however, have high market shares for independent retailers. These retailers buy mainly from manufacturers and wholesalers/importers, contrary to Germany, The Netherlands and Scandinavia for instance, where many independent retailers are members of buying co-operations.

In order to define the best sales and marketing strategy in Europe some background market information shall be given.

Margins are under continuous pressure in the major EU countries. Consumer expectations with regard to lower prices, in particular, as well as tough competition have resulted in the retailer's needs for lower inventories, less out of stock and lower markdowns. Consequences for the buying policy are: fewer pre-seasonal orders, more collections per season, investment in seasonal planning and control, co-operation with suppliers (quick response/electronic data interchange), and fewer suppliers.

The need to reduce costs has provided the main driving force behind the development of foreign garment sourcing for the markets of importing countries. As a result, production has migrated to a growing number of developing countries, as buyers have sought and are still seeking for ever lower-cost locations. In practice, it is not a question of looking for the lowest wages but looking for manufacturers with the "lowest overall manufacturing costs". The best value is not necessarily created in countries where labour costs are lowest. Instead, it tends to be generated in factories where management are best able to manage costs and productivity and where technology is used cost effectively. In other words, the skill and circumstances which contribute to achieving the best value are factory-specific rather than country-specific.

Minimising purchasing costs implies that many buyers try to limit the number of supplying countries and the number of individual manufacturers they deal with. Sourcing policies are made on two levels, country level and company level. On country level, aspects like quota, duty rates, ethical aspects, wage structure, distance, local infrastructure, economic and political stability play a role.

Other aspects like fast reaction, speed to market, logistics management, quality, production facilities, design capacity, availability of raw materials are not country-specific.

The EU apparel market is complex and sophisticated. Major apparel brands from EU countries (Italy, Germany and France) including premiere collections and more affordable brands compete in the high-price segments with famous names from the USA, Switzerland and in the case of swimwear from Australia. Cheap, mass-produced items from low-cost regions such as China, Southern Asia, Mediterranean and CEECs compete in the low-price segments. The movement away from cheap products (with low relation to fashion and comfort) to mid-price segments including products of higher quality and more individual clothes, offer interesting possibilities to exporters. In this segment, European as well as foreign retailers (clothing chains, buying and selling organisations, mail-order companies, department stores) operate with their own private labels, sometimes combined with branded products (for an increasing part sourced outside the EU) and also with non-branded or fancy branded items. A polarisation of brand leadership also appears likely in Europe: retailers in Germany, UK, France and other EU countries are clearly aiming to replace manufacturer brands with their own identities in the middle market, leaving the upper market to designer brands.

The opportunities for Bangladeshi exporters to choose their distribution channels depends on external (demand and requirements of importers/buyers) and internal factors. The choice on the most suitable distribution partners and various distribution channels in the EU, their role, perspectives as well as their advantages and disadvantages for suppliers must be deeply investigated.

There is no EU quality standard for outerwear. Most of the importers (manufacturers, wholesalers, retail organisations etc.) work with their own minimum requirements. In this respect they have formulated and stipulated minimum quality requirements, relating to both materials and make.

At the moment, the most important environmental and health issue in clothing trade is product legislation. EU product legislation on environmental and consumer health and safety issues is compulsory, therefore of utmost importance. For instance, legal requirements on dangerous substances such as certain azo dyes splitting off carcinogenic amines. The necessary EU requirements, applicable in all EU member states, include: azo dyes in garments, nickel, flame retardants, cadmium, PCB/PCT and asbestos. In addition, legislative requirements in Germany (azo dyes, formaldehyde, PCP, covenant on children's clothing, chromium, disperse dyes, dioxins and furans), the UK (regulations on flammability) and The Netherlands (azo dyes, formaldehyde in textiles with skin contact, PCP) are outlined when they are additional to EU legislation. These three countries are chosen, because they are relatively proactive in their legislation. Please note this does not imply that there is no additional relevant legislation in other EU countries. Most of the EU legislation mentioned is directly applicable to foreign firms supplying products to an European country, for instance through their own foreign sales outlet. However, products are often put on the market indirectly, through importers. In most cases this makes the importer responsible for the product. Importers might therefore encourage or even force foreign suppliers to meet certain standards, for example through legally binding guarantees.

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US FDA approves Sanofi-aventis' Taxotere for treatment of head, neck cancer

Sanofi-aventis has announced that the US Food and Drug Administration (US FDA) has approved Taxotere injection concentration in combination with Cisplatin and Fluorouracil for the induction treatment of patient with inoperable locally advanced squamous cell carcinoma of head and neck cancer, says a press release.

The approval follows an opinion for the same use granted on September 29, 2006 by the committee for Medicinal Products for Human Use (CHMP) of the European Medicines Agency (EMEA).

Patient receiving Taxotere based (docetaxel, cisplatin, flourouracil) regimen had a significantly longer progression free survival of 11.4 months compared with 8.3 months for the patient receiving standard therapy.

Patient treated with Taxotere based regimen prior to radiation had a significantly longer median overall survival compared to standard therapy of cisplatin and flourouracil (18.6 vs 14.2) with 29 percent reduction in the risk of mortality, a benefit of more than 4 months improvement in median survival. Taxotere is currently approved in 4 different indications-- breast cancer, lung cancer, prostate cancer and gastric cancer.

Sanofi-aventis is the world's third largest pharmaceutical company.

WIMAX TECHNOLOGY

Intel betting big on India

OUR CORRESPONDENT, *New Delhi*

The US chip manufacturing giant Intel is betting big on India which will be a leading user of Wimax technology, a wireless capability that provides internet connectivity without requiring a computer to be tethered to a cable.

"India has the opportunity to be leading commercial implementer in Wimax capabilities. The conditions are absolutely ripe here in terms of the lack of limited infrastructure in rural areas and what Wimax could do," Intel Corp Chairman Craig Barrett told newspersons on Thursday as he visited a remote town in western state of Maharashtra.

Intel has been trying to push for adoption of Wimax which is considered a cost-effective way to deliver broadband internet facility to remote places. Like its wireless cousin Wi-Fi, Wimax delivers high-speed connections but the coverage area can extend for miles.

Intel has already committed one billion dollars over the next five years under its Intel World Ahead programme in Asia Pacific and invest in local technology.

Correction

In a news item headlined 'Nilufar to attend Halifax Microcredit Summit' published on this page Friday (November 3), it was inadvertently mentioned that Nilufar Yasmin was one of the five winners of this year's Global Micro-entrepreneurship Awards. Actually, the name of the award is Citigroup Microentrepreneurship Awards 2006. We regret the mistake.