



Garment barons ready for tomorrow's battle

By Toufique Imrose Khalidi with Govinda Shil

VYING for nine seats at stake, they are wooing 1,520 voters -- all manufacturers or exporters of garment products, Bangladesh's biggest export earner.

The importance of their grouping has grown over the years keeping pace with the growth of the industry that now garners some 67 per cent of export revenue. So has the clout of the leadership of the organisation -- in the affairs of the nation's business and economy.

It is indeed important as to who heads BGMEA or Bangladesh Garment Manufacturers and Exporters Association (BGMEA). The two groups -- one calls itself *Forum* and the other *Sammita Parishad* -- have named their nominees for the top slot.

Out of nine on the 27-member executive committee, Anisul Huq of Forum needs to ensure return of three of his supporters to occupy the president's chair and pick his cabinet comrades. His leader Anisur Rahman Sinha, who was among the nine who are retiring, cannot seek re-election without a two-year break, a rule that has placed Huq at the helm of the panel.

Mostafa Golam Quddus, after his one-year stint as president, is finding his tasks difficult. His *Parishad* must win seven for him to continue.

Already on the EC, none of them is contesting.

Plans from Anisul Huq

- Setting up of an export-import (EXIM) bank
- Setting up of an insurance company to cater to the needs of manufacturers
- An inland container depot (ICD) which will be owned by manufacturers
- A "Garment Cluster" will be set up with facilities enjoyed by the industries at Export Processing Zones
- To face the challenges of the 21st century, Forum will try to convince the government for a Tk 4,500 crore investment package for the backward linkage industries

BHUQ are well-known by now.

Huq's popular image comes mainly from his numerous appearances on Bangladesh Television as an anchor of popular shows. Rather silently, he also grew as a successful entrepreneur, building his business under the banner of Mohammadi Group.

Quddus is equally known by now, more as a business leader, thanks to the exposure the BGMEA position has given him in the past one year. But he had been creating news years before he was into the garment world.

In June 1981, "OC Quddus" at Hathajari, Chittagong, was the man who captured a fleeing Major General Manzur, charged with leading the army rebels who killed the then President, Ziaur Rahman. He was soon "rewarded".

The former police officer's past is almost faded now. Today, he owns Dragon Sweater, rated as one of the largest sweater factories in Asia. And in the past year, he has vigorously pursued -- in his own way, of course -- policymakers and ministers to secure decisions in favour of the industry.

Agenda from MG Quddus

- Emphasis on creating an apparel board
- Asking the PM to head a high-powered committee to solve burning problems of the sector. The proposed committee would sit once in a month.
- Creation of a private sector export promotion bureau mainly to help young entrepreneurs
- Lobbying with the government to set up four garment clusters with all utilities
- Demanding an extension of tax holidays from five to 10 years

MUCH like any such elections in Bangladesh, the fight between the two groups produced a lot of heat and dust inside that building at Kawran Bazar.

The row over cancellation of candidature of a Forum nominee marred much of the atmosphere. The Election Board's failure to respect a verdict by the Appeal Board created a controversy that was eventually settled by a meeting between the two groups.

The objective was to reduce the number of Forum candidates to eight, which would mean the ninth vote (one must cast nine votes or have his/her vote cancelled) of every voter would have gone to a Parishad nominee.

FOR both groups, the key agenda is common -- meeting the challenges of the 21st century.



Two BGMEA presidential candidates, Forum leader Anisul Huq (L) and Sammita Parishad leader Mostafa Golam Quddus (R) pose behind their election commissioner, M Shafi Ullah, at a joint projection meeting held in the city yesterday.

Interview: MG Quddus Pricing taka at 100 to dollar



Getting bank credit is difficult, which he will try to solve through negotiations with government, if elected. Non-cooperation from banks, he says, cost some 600 prospective garment manufacturers about Tk 10,000 crore last year. He promises to fight it out.

Port is a problem, he says. Echoing the shipping minister, Quddus calls for "a consensus among political leaders, port workers and users for a permanent solution."

On Bangladesh's price competitiveness in the global market, the Sammita Parishad leader declares he will continue dialogue with the government to re-fix exchange rate of the taka at 100 against the US dollar.

"Other things which we strongly need are setting up a fashion institute for product diversification and to go for high value-adding items," he says. A proposal to set up the institute with the financial help of France and Islamic Development bank is under consideration, he adds.

Quddus hopes to secure a 30 per cent quota hike from the US government. He says the additional quota will help increase the country's foreign exchange earning by a billion dollars a year.

He reports an intense lobbying "to make it happen". Labour welfare, says Quddus, will be a priority. He plans to provide housing and transport for workers, most of whom are women. The housing project may cost about one million US dollars which could house nearly 3,000 families.

Both are also reminding of what they have done for the industry when they called the shots. For some three months, Forum leaders were in the BGMEA cabinet, following which Quddus-led panel took over.

With the stage set for tomorrow's showdown, the two groups appeared together in a unique projection meeting conducted by the BGMEA election board. As expected, they debated, tried to make their points, spoke of their

Interview: Anisul Huq Looking beyond 2004



Anisul Huq feels bank-related problems have become an everyday-issue which needs special attention. He suggests formation of a high-powered "task force", headed by the Prime Minister, to find solutions to problems of the industry.

He will turn to development financing institutions, and seek interest free block accounts, venture capital fund or long-term investment financing. A major concern for him is to face the challenges of the quota-free world. "After the year 2004, all countries will get similar status in trade regime and none will be protected under any quota system. At that time, China, India and other cotton and yarn producing countries will go for large scale textile production when we may not get sufficient inputs," Huq says.

Foreign direct investment, he says, can boost the RMG sector which badly needs backward linkages such as capital-intensive textile industries. "We will pursue foreign investment in the textile sector."

If elected, he will develop a package for the new entrepreneurs so that they can receive technical and marketing assistance.

On workers' welfare, he speaks of health insurance, group insurance for them. Plus, he plans adult education programmes and would like to explore long-term housing facilities for them. "Welfare projects are needed to uphold the country's image and to reflect our sensibilities."

He knows politics at times serves as a deterrent, and therefore will try to promote an agenda sensitive to both government and the opposition forces. "We have the potential, we have the skill. All we need is to have the coordination, financial discipline and backward linkage industries to overcome all barriers."

achievements in the past, and formally presented manifestoes.

As the candidates were being introduced and their leaders were talking, their supporters clapped and thumped. The evening show saw Sonargaon Hotel crowded with BGMEA members and the traffic management outside difficult. One thing was clear: the election is important.

Motorola seminar told Telecom policy soon

Star Business Report

Minister for post and telecommunication Mohammad Nasim has said that the government will soon unveil a telecommunication policy.

Speaking at a seminar yesterday, he said the policy had been finalised and would be placed before the Cabinet for approval.

The day-long seminar was organised by global telecommunication major Motorola at a city hotel.

Post and telecommunication secretary Mahub Kabir inaugurated the seminar in the morning. Senior officials and telecommunication experts of the company made several technical presentations and explained the advantages of telecommunication equipment produced by the US-based company Motorola to the participants.

Nasim said that the private operation in telecommunication sector had been allowed to bring about a change in the market so that the common people could benefit. He hoped more such companies would

come to do business in Bangladesh, assuring all-out government co-operation.

The seminar, divided into four sessions, was attended by government officials, telecommunication and electronics engineers, corporate managers and academics.

Motorola officials said the company's major equipment businesses include cellular telephones, personal communications, automotive, defense and space electronics, computers and semi-conductor power communication devices.

Motorola has 65 manufacturing facilities in 20 countries. It maintains sales and service facilities in 1,100 locations in 45 countries and conducts business on six continents. The company has more than 140,000 employees worldwide.

To help the company build a quality culture, Motorola University, launched in 1981, acts as the training and education centre. Its operations have expanded around the world, with 29 offices in 17 countries with a workforce of 400 professionals.

First half of current FY Import of industrial raw material, machinery up

Higher import of machinery and industrial raw materials during the first half of the current year (July-December) has raised the import bill by 7.16 per cent compared to the corresponding period last year, reports UNB.

Letters of credit worth Tk 14,168.71 crore were opened with the authorised banks during the period for imports representing an increase of 7.16 per cent.

The increase is due mainly to higher volume of LCs for importing industrial raw materials and capital machinery (+15.85 per cent), according to a

Bangladesh Bank statement issued on Sunday.

The dealer banks have opened LCs worth Tk 3,843.70 crore for import of textile fabrics and accessories for ready-made garments and Tk 930.14 crore for import of machinery.

LCs opened for other import items included chemical and chemical products Tk 1,238.96 crore, POL Tk 1,042.00 crore, cement Tk 298.14 crore, yarn Tk 409.30 crore, raw cotton and synthetic fibre Tk 587.07 crore and edible oil Tk 497.34 crore.

Meanwhile, LCs worth Tk 9,374.48 crore were outstanding till December 31 of last year.

G8 move towards new protectionism

By Sanjay Suri, IANS

LONDON, Feb 23: The G-8 has launched an agenda towards increased protectionism for the markets of advanced industrialised nations, finance managers have warned.

The new moves came at a two-day meeting of finance ministers and bank governors of the G-8 countries here on Saturday and Sunday. The East Asian market crisis dominated the meeting of the group, in which Russia is the new eighth member after the U.S., Germany, Japan, Canada, Britain, France and Italy.

"When these things (crises such as in East Asia) happen it focuses on the stability and integrity of the world financial system," Britain's Chancellor of the Exchequer (equivalent to finance minister) Gordon Brown said at the meeting.

He proposed a "code of conduct in monetary policy" to make sure that "we can see the events leading to a crisis before they happen."

The G-8 finance ministers and bank governors were asked to go through a "period of reflection" before a meeting of G-8 leaders in Birmingham in May. Brown called this period of reflection the "Birmingham process."

But any new code of conduct will be contentious, finance managers here said. "Effectively this will mean changes in the monetary systems of less advanced countries set by the more advanced countries," a senior fund manager with an American firm told India Abroad News Service.

The effect of the East Asian crisis on the markets in the West has been evidence of the "whiplash effect of globalisation," the manager said. The G-8 meeting reflected fears of finance managers who want to

make Western market systems less vulnerable to a crisis in Asia, the manager said.

Finance managers point to other warning signs in the seven-point agreement by the G-8 announced at the end of the conference on Sunday evening. One was an agreement on structural reforms to labour, capital and product markets to facilitate job creation. Another was the resolve to promote "equal opportunities."

Both these moves focus on creating jobs and opportunities within the G-8 countries and not across other countries. The flip side of many of these moves can mean denial of jobs in other countries, finance managers say.

The European Union (EU) is currently debating a "social chapter" to monitor social conditions in countries that export to Europe. Asian leaders have resisted such moves as an instance of protectionism under a social guise. The "Birmingham process" can now take the moves towards protectionism further, say finance managers who specialise in Asian investments.

A meeting of finance ministers of EU countries was held in Luxembourg in November last year to promote job creation within the union. Cheap imports from Asian countries were seen as a threat to European jobs.

The G-8 meeting in Birmingham the following month will take a stand on these discussions in what is coming up as a summer of major financial confrontations. This is a time for "highly significant debates at a very critical juncture," Gordon Brown said at the G-8 meeting while referring to the "Birmingham process."

Indonesia suspends currency board plan

JAKARTA, Feb 23: Indonesia has suspended a plan to fix the rupiah to the US dollar through a currency board in the face of growing international opposition, news reports Monday quoted a senior Indonesian official as saying, reports AP.

The comments by the official, quoted by Dow Jones Newswires and published in the Asian Wall Street Journal, follow criticism of the plan from the International Monetary Fund and the world's industrial powers.

The official, who spoke on condition of anonymity, did not say that the plan had been killed, but stressed that such a system would not be put in place in the near future.

Many analysts in Jakarta believe that Suharto's government will not announce a formal cancellation of the plan, which the IMF and the Group of Seven industrial nations fear could worsen Indonesia's economic woes and send regional currencies tumbling anew.

"Some notion of the risks has been taken seriously," the Indonesian official was quoted as saying by Dow Jones. "It is not going to be implemented now."

FAO study foresees prospects for forestry in Asia, Pacific

BANGKOK, Feb 23: "Assuming that the region's economies regain economic performance reasonably early, forestry in the Asia-Pacific region is expected to continue to grow strongly through 2010," according to the Asia-Pacific Forestry Sector Outlook Study, a new UN Food and Agriculture Organisation (FAO) report released today.

The study report was released today (in draft version) for discussion at the five-day meeting of the FAO Asia-Pacific Forestry Commission (Seventeenth Session) February 23-27, 1998 in Yogyakarta, Indonesia.

The meeting brings together national delegates from across the region to review global progress towards sustainable forest management, discuss political and technical issues bearing on forestry development in the region, and to guide FAO's regional efforts in forestry, says a press release.

Notwithstanding the strong industrial forestry sector in the region, and the rapid economic development, the main use of wood in the region is still and will continue to be for household energy. Fuelwood consumption is expected to rise to 1,020.3 million m3 (from 847.3 million m3 in 1994), dwarfing all other uses of the resource base.

Consumption of industrial roundwood is expected to increase by 15 per cent, reaching 376.1 million m3 (up from 327.9 million m3 in 1994). Despite its important forest industry and dominant position in

terms of global exports of tropical timber, the region is already a net importer of industrial wood products and the expanding demand will lead to further import increases, reaching 46.6 million m3 in 2010. Even wood-based panels, for which the region is presently a leading exporter, are expected to reverse into net imports, as production will not be able to keep up with demand due to tight supplies of large-diameter industrial wood.

According to the Study, sustainable use of the region's forest resources will require a re-direction of industry from solid wood products (sawwood and plywood) to products based on smaller-diameter wood and wood residues (for example medium-density and particle board). In this regard, the study also identifies use of trees growing outside of forests (on-farm trees including agricultural tree crops) as crucial to sustained development of the forestry sector in the region.

The Study anticipates strong increases in demand for forest services (ecotourism, recreation), paralleling overall economic development in the region.

The Study also highlights the rapidly changing situation for forest dwellers and forest-dependent people in the region. With the continuing influx of land-hungry settlers, increased economic development and infrastructure, forest dwellers will be increasingly exposed to external cultural and economic pressures while simultaneously having decreased access to extensive forest resources. The

Study calls for appropriate policy responses to conserve traditional cultures while at the same time offering forest dwellers the capacity to capture modern opportunities for sustainable socio-economic development.

Other key issues up for discussion by the Forestry Commission include the situation regarding forest fires in the region (and globally) and FAO plans for an international policy conference on the issue; development of a regional code of harvesting practice designed to improve efficiency and environmental considerations; and a proposed strategic plan to guide FAO's work in forestry.

Iraqi dinar dips

BAGHDAD, Feb 23: It may not be Wall Street, but the Iraqi dinar is also a barometer of the UN-Iraq crisis in daily trading against the US dollar at Baghdad's high street currency exchange stores, reports AFP.

The dinar dipped yesterday against the dollar after the official Iraqi news agency described the UN-Iraq negotiations here on the crisis as "difficult" -- apparently leading traders to believe that a US military strike against Iraq would be more likely.

Washington is threatening military action if diplomacy fails to resolve the four-month crisis over UN weapons inspections.

The dinar was trading Sunday at 1,400 against the dollar, down from Saturday's rate of 1,300



Finance Minister SAMS Kibria hands David Humphreys, the CEO of Hong Kong Bank in Bangladesh, the Certificate of Registration at a ceremony marking the Bank's completion of one year in Bangladesh yesterday.

Impact of UN-Iraq deal Oil futures prices fall sharply in Asia

SINGAPORE, Feb 23: Crude oil futures prices in Asia dropped sharply on Monday after a spokesman for Kofi Annan, the Secretary-General of the United Nations, said late on Sunday that a deal had been reached with Iraq.

The news further diffused tensions in oil markets after worries the United States was close to leading a military strike against Iraq to resolve a stand-off over UN weapons inspections. It also signals that the one remaining bullish factor for a market fighting global oversupply could now be eroded.

This market is fundamentally weak and the Iraq situation had been the only thing supporting prices, said Doug Stetezer, a broker with EDF Man in New York.

New York Mercantile Exchange (NYMEX) April crude futures trading on electronic access system in Asia were quoted on Monday at dollars 15.71 barrel, down 53 cents from the New York close in Friday.

Exchange Rates

The following are the Sonali Bank's dealing rates (BD Tk for one unit of Foreign Currency) to public as on 23rd Feb '98.

Buying			
Name of Currency	TT Clean	OD Sight Export Bills	OD Transfer
US Dir	46.1300	45.9605	45.8610
GB Pound	74.9766	74.7011	74.5394
D Mark	25.1421	25.0497	24.9954
F Franc	7.4994	7.4718	7.4557
C Dir	32.2803	32.1617	32.0920
S Franc	31.1393	31.0249	30.9577
JP Yen	0.3540	0.3527	0.3519

Selling			
Name of Currency	T.T. & O.D.	B.C.	
US Dollar	46.5098	46.5495	
GB Pound	76.2569	76.3220	

A) TT (DOC) US Dollar Spot Buying Tk. 46.0452			
B) Usance Rate			
30	60	90	120
Days	Days	Days	Days
46.0569	45.2715	44.8871	44.5028

C) US Dollar sight export bill 3 months forward purchase: Same as OD sight export Bill buying rate.			
Indicative Rate			
Currency	Selling	Buying	
Saudi Riyal	12.4010	12.2263	
UAE DI	12.6633	12.1860	
KUW DI	152.3164	150.0442	
D Guider	22.5754	22.2497	