

DHAKA FRIDAY, JULY 31, 1998

# Garment garners 74 per cent in 1997-98: Traditional sectors fail

## Exports exceed target, grow by 16.81 pc

By Govinda Shil

Bangladesh's merchandise exports grew by 16.81 per cent in dollar terms, fetching US\$ 5,161 million from some 32 items during 1997-98 financial year, the Export Promotion Bureau said.

In taka terms, the growth was much higher -- 24.47 per cent, with export receipts to the tune of Tk 23,416 crore. The difference was explained by depreciation of the taka.

The government-set target was US\$ 5,020 million or Tk 22,590 crore while the exporters of the country earned Tk 826 crore more than the real projection. The target was exceeded by 2.81 per cent.

Last year, the export revenue stood at US\$ 4,418 million or

Tk 18,813 crore.

However, major traditional items -- raw jute, jute goods, frozen shrimp, and leather -- could not attain their goals. Earnings from these sectors lagged behind their targets by about Tk 589 crore.

The breakdown of poor performing sectors is as follows: leather US\$ 15 million, jute goods US\$ 26 million, hosiery and knitwear US\$ 43 million, raw jute US\$ 18 million and frozen foods US\$ 28 million.

The deficit stood at Tk 683 crore at the end of March, declined to Tk 516 during May but shot up to Tk 589 at the end of June, EPB statistics revealed.

The primary goods could not achieve its target of US\$ 550

million, bringing in US\$ 501.93 million during 1997-98 period.

Ready-made garment has surpassed its target by Tk 1,558 crore, fetching Tk 12900 crore against a target of Tk 11,342 crore.

Countrywise, the United States tops the list with imports of Bangladesh products worth US\$ 1929 million (Tk 8751 crore).

Six EU countries have purchased Bangladesh products worth US\$ 2,035 million (Tk 9,232 crore).

Talking to The Daily Star, acting BGMEA president Nurul Huq Sikder said knitwear and hosiery products could not fulfill their targets due to a crisis

generated from GSP problem in

the EU market last year.

He, however, said that without diversifying products and improving quality of ready-made garments, Bangladesh would not be able to maintain the current growth rate of 25 per cent a year.

The RMG sector, comprising of woven products, knitwear and terry towels constituted 74 per cent of the total export earnings, according to EPB statistics.

A leading frozen food exporter said the sector performed poorly because of low production of shrimp due to scarcity of baby shrimp in the country. He also spoke of the widespread prevalence of deadly white virus that kills shrimp within 24 hours.

A leading leather exporter AKM Rahmat Ullah MP, said Bangladesh lost 40 per cent of its entire leather market due to financial crisis in the Far East and Southeast Asian countries.

He said the market could not be revived unless leather technology was modernised and the government came up to help exporters regain the market by introducing 10 per cent cash subsidy on exports.

He said consumers were leaning towards sneakers which was one of the major reasons for Bangladesh to lose leather markets worldwide. But he is hopeful to penetrate the international market. "EU has levied 35 per cent duty on Chi-

nese shoes and 6 per cent on Indian footwear," he claimed and said Bangladesh could enter the EU market by improving its quality of leather goods.

He said Bangladesh could follow the Indian example by providing 12 per cent cash incentives on exports of footwear to become competitive in the international market.

For the current 1998-99 financial year, the government has set a target of US\$ 5790 million in export earnings, according to an Export Development Council document.

Bangladesh's exports grew by 13.80 per cent during 1996-97 fiscal when it had fetched Tk 18,813 or US\$ 4,418 million.

### Business Briefs

#### Japan car sales in SE Asia down 80pc

KUALA LUMPUR: With an estimated plunge of 80 per cent in car sales in Southeast Asia, Japanese car makers plan to boost the export of auto parts outside Asia.

Japanese automobile executives also said they would depend less on imported parts from the United States and instead spur industrial activity within Asia by purchasing car components made by countries within the region.

Senior automobile officials from Japan and the Association of Southeast Asian Nations met Thursday to discuss the region's auto industry.

"Automobile production in Asia has reached a critical situation," said Masao Omichi, director of the automobile division in Japan's Ministry of International Trade and Industry.

"Private Japanese companies operating in Southeast Asia are striving... to urgently expand export performance and to maintain employment," he said, but did not specify which countries Japan would be targeting for exports.

Big Japanese car companies such as Toyota, Nissan and Mazda have 900 factories overseas, 60 per cent of these in Southeast Asia.

Car sales in the region have dropped precipitously since the prolonged economic crisis sweeping through Asia has caused stock markets and currencies in various countries to tumble by more than 50 per cent.

#### Moody's downgrades Sumitomo Bank

TOKYO: Moody's Investors Service said Thursday it has lowered its rating outlook for Sumitomo Bank Ltd, one day after the bank announced a tie-up with Daiwa Securities Co. in investment banking.

The US credit rating agency said it lowered its outlook for Sumitomo's credit rating to "negative" from "stable." It said the tie-up was risky for Sumitomo because of Daiwa's very weak financial condition.

Moody's also said it would continue to review Daiwa's "bad" rating for a possible downgrade. A cut would drop Daiwa's debt into the ranks of "speculative" or "junk" investments.

Moody's did not change its "A2" rating on Sumitomo's deposits, but the "negative" outlook means there is a greater chance the agency will lower it sometime soon. A lower rating is associated with higher risk and could force Sumitomo to pay higher interest rates to attract depositors.

The decision followed the bank's announcement Wednesday that it will put up 150 billion yen (1.05 billion dollars) to form joint venture companies with Daiwa.

Sumitomo and Daiwa said they will establish three joint venture companies that will start operations next April.

#### Cheap deals for tourists in Jakarta

JAKARTA: Cheap deals for tourists are plentiful in Indonesia these days. On Thursday, some were free, all part of a bid to lure visitors back to the troubled nation.

In a government campaign dubbed "Let's Go Indonesia!", foreigners arriving in the country were treated to vouchers for free hotel rooms and meals as well as free or discounted air tickets.

Asia's currency crisis and recent riots over price increases in Indonesia have battered the one-robust tourism industry in the nation of 200 million people. Political turmoil forced former President Suharto to quit in May after 32 years in power.

Some foreigners have stayed away, fearing more violence. Many tourists from economically struggling Thailand and South Korea no longer have the cash to vacation abroad.

"What we faced was a crisis of confidence," said Alestar Speirs, manager of the 10 million dollars promotional campaign.

#### Top Spore bank may see drop in profit

SINGAPORE: One of Singapore's big four banks is expected to announce a huge drop in profits for the first half of 1998 because of the regional economic crisis, analysts said Thursday.

United Overseas Bank Ltd. will likely post a 60 to 70 per cent fall in net profit when it announces its half-year results later Friday, the first Singapore bank to unveil interim results this season.

The plunge in profits is primarily due to large provisions for bad loans and investments in the region, as economic and financial conditions deteriorate in Asia, market observers told Dow Jones Newswires.

The bank will probably write off about 200 million Singapore dollars (116 million dollars) for the first half of this year, dragging down its total earnings, said DIR Singapore analyst Tony Raza.

### MOU to set up cement factory at Mongla

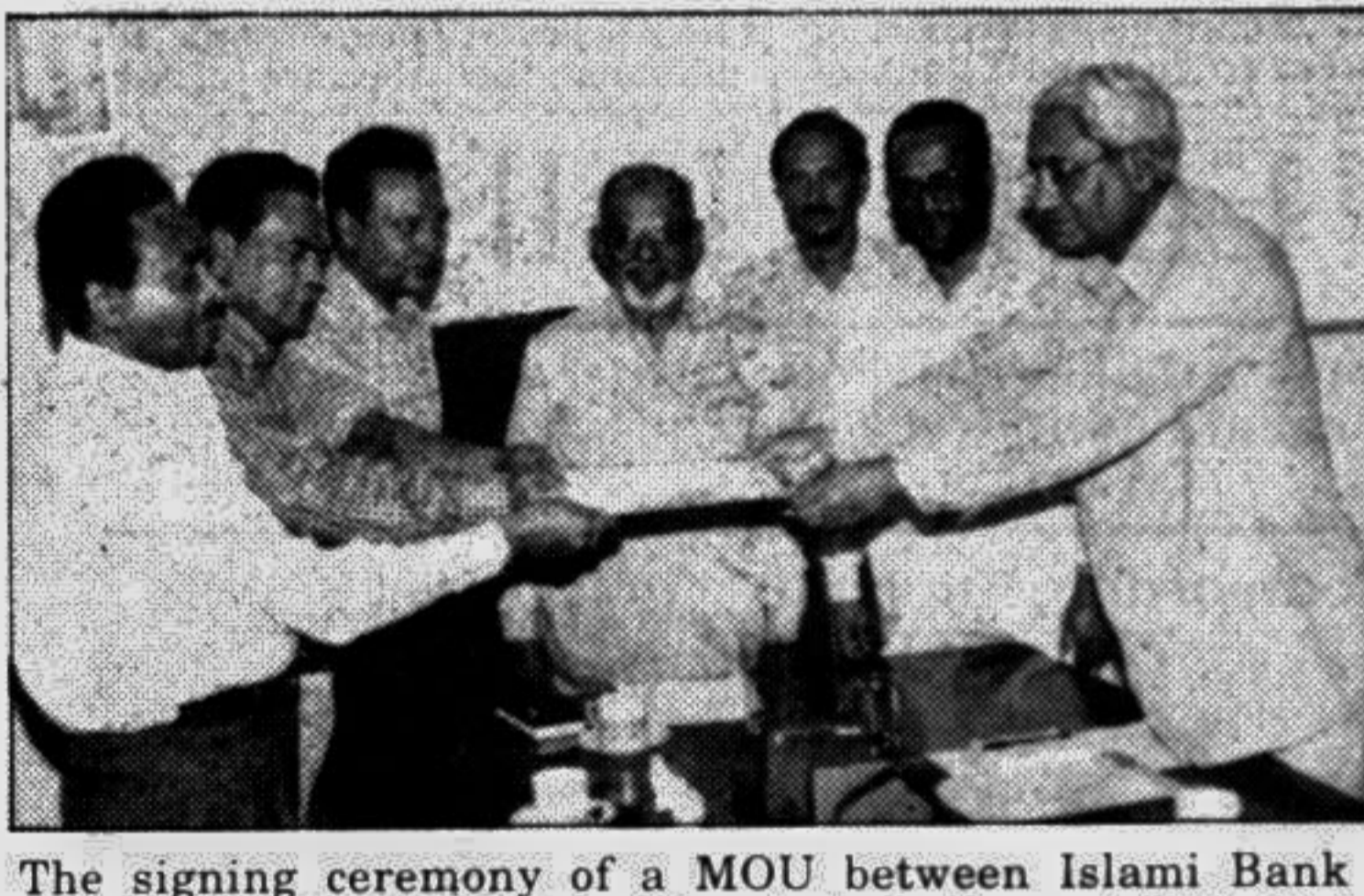
A Memorandum of Understanding (MOU) has been signed between Islami Bank Bangladesh Limited (IBBL) and Dubai-Bangladesh Cement Mills Ltd, a joint venture Hong Kong-Bangladesh project, to establish a clinker-based cement industry at Mongla, with a view to meet the increasing demand of cement in the country, says a press release of the bank.

The estimated cost of the project is around Tk 42.50 crore, of which IBBL will invest up to Tk 21.25 crore and the rest will be provided by the sponsors of the company. The annual production capacity of this cement industry will be 5 lakh metric tons.

Executive President M Kamaluddin Chowdhury signed the MOU on behalf of IBBL while Md Anwar Hossain, Managing Director of Dubai-Bangladesh Cement Mills Ltd, represented his side.

The signing ceremony was attended, among others, by Commodore Mohammad Ataur Rahman (ret), Chairman, Mohammad Younus, Vice Chairman of the Board of Directors and other senior executives of the bank and Mostafa Kamal Pasha, Chairman and Mohammad Ali Pasha, Director of Shun Shing Trading Ltd, Hong Kong, the foreign joint venture partner of the project.

The Islamic code prohibits usury, the practice of charging



The signing ceremony of a MOU between Islami Bank Bangladesh Ltd and Dubai-Bangladesh Cement Mills Ltd in the city on Tuesday. — Islami Bank photo

### Islamic banking in S'pore from today

SINGAPORE, July 30: Singapore's first Islamic banking service will be launched Friday by one of the island republic's largest financial institutions, the bank said Thursday, reports AP.

Oversea-Chinese Banking Corp, otherwise known as OCB Bank, will initially introduce two types of accounts in its newly formed Islamic Banking Unit, which conforms to Muslim law.

The Islamic code prohibits usury, the practice of charging or earning interest on money. About 15 per cent of multi-ethnic Singapore's 3.1 million people are Muslim.

In practice, Islamic banks provide for profits or dividends instead of interest, though returns are not guaranteed and any losses must be shared by the bank and depositor.

Such accounts must also invest only in certain products, companies or financial instruments that conform with Islamic law, said a spokeswoman for the bank.

### One of many, Mannan fights a losing battle

By M Shamsur Rahman

The on-rush of hill water continued to inflate the Sitalakshya, flooding new areas of the city's southeastern part where lives of thousands had already become miserable.

Mannan's dairy at Manda, on the outskirts of the capital, with 11 cows, 12 calves and 10 lambs, can hardly make it now. His firm has gone under seven feet flood waters.

Mannan had to build a platform of bricks for his cattle. Every day, he is raising the height of the platform with new layers of bricks to keep them just above the water level.

"The water level rose by three inches during the last 24 hours. And if it continues, to rise at this rate, then I will have to shift the cattle to a safer place soon," a frustrated Mannan said.

His main cattle feed -- dry hay -- has already been engulfed by water. Now he has to depend on water hyacinth as a substitute, now found in abundance in the area.

He employed four persons to look after his firm. His financial constraints have forced him to get rid of three of them.



— Star photo by Sk Enamul Huq

## Neglected workers keep the wheels turning

Samuel Sarpong writes from Accra

It is hot and humid in the ramshackle galvanised iron sheet enclosures, and the ears, eyes and nose are assaulted by the smoke, the cacophonous hammering and the carbon monoxide.

Welcome to Suame Magazine, a suburb of the Ghanaian city of Kumasi, where a community of about 5,000 workmen make their living from collecting, sorting, re-fashioning, repairing and assembling vehicles and parts.

At first glance it looks chaotic, but there is an order here as mountains of scrap are recycled and given a new lease of life.

Few of the workmen have any formal education or qualifications, but they play a crucial role in helping keep Ghana's wheels turning.

Toiling in small workshops, using primitive and sometimes improvised tools, they attract customers desperate to keep their vehicles on the road.

Kwame Aguda and his family were sad when they had to abandon their 15-year-old Ford car for lack of spares. But thanks to the skill of the Suami artisans, Aguda is back behind the wheel -- and the renovated engine purrs as softly as a cat.

The high purchase price of a new car -- beyond the reach of all but a few Ghanaians -- and the cost of spare parts has boosted their business.

Economists have estimated that up to 80 per cent of Ghana's ageing vehicle fleet is serviced and rebuilt through "informal sector" garages like those found in Suame.

The initial boost for these self-taught mechanics came from the nation's economic crisis in the late 1970s and early 1980s. Foreign currency reserves dwindled as the price of Ghana's export commodities fell and imports became more expensive. That is when vehicle parts became scarce, and people learned to improvise.

And that is why it is no longer a surprise to find a Renault 20 GTL fitted with a Datsun 200 engine.

For much of the post-independence period, the informal sector has provided jobs and inexpensive manufactures. Yet successive regimes have ignored their contribution and have failed to offer support.

"In the past we were a despised lot," says mechanic Osei Kwadwo, who has worked in Suame for more than 20 years. "But that is changing

now."

He believes that the artisans have finally won recognition from the government.

When President Jerry John Rawlings visited Suame a couple of years ago, he said he was struck by the quality of their work. He even urged qualified engineers to seek advice from them.

Since then, the administration has helped "indigenous engineers" through technology services, training and credit.

The innovative Ghana Regional Appropriate Technology Industrial Service (GRATIS), for example, now provides on-site training in product development.

The government has also helped establish a pilot programme to provide credit to small-scale operators.

Loans, which average the equivalent of \$3,000, are provided by a state bank and are guaranteed by the National Garage Owners Association.

Recipients include a mechanics' co-operative established to enable members to buy and share equipment such as lathes and crank-shaft grinders.

Assistance also comes from the Intermediate

Technology Training Unit set up in Suame by the Technology Consultancy Centre of the University of Science and Technology. The aim is to upgrade the mechanics' skills and teach them basic accounting and management methods.

Impressed by the success of the Suame workers, the government is trying to get artisans all over the country to form groups through which they can obtain help and benefits.

In Suame itself, the administration has acquired a plot of land to enable expansions to take place.

Atta Poku, an artisan who has benefited from the government's expanded appropriate technology training programme, says he is convinced about the government's commitment to industrial artisans.

"The government has cause to believe so much in our competence," he argues, "because most Ghanaians engineers, specifically those who went through formal education and have chains of degrees, lack inventiveness and seem content to bask in theories."

— Gemini News  
(The author is a Ghanaian journalist working as a senior reporter with Daily Graphic in Accra.)