

Ceramicware producers find a tough rival in China

By Monjur Mahmud

The country's ceramicware face an uphill task to compete with the super-cheap Chinese products.

Taking advantage of the tariff liberalisation, cheap Chinese ceramicware have flooded Bangladesh in the last couple of years. The Chinese along with Thais, Indonesians and South Koreans, boosted by their currency devaluation and the availability of indigenous raw materials, are now ruling the lucrative international markets.

As a result, Bangladesh's earnings from ceramicware exports are also on a falling curve forcing exporters to remould their strategies.

Although Bangladeshi ceramic products are exported to the European Union, and the USA, the Export Promotion Bureau (EPB) figures show how stiff international competition has already upset the apple cart. The sector fetched US\$ 11.32 million in the 1995-96 fiscal and export earnings increased to US\$ 14.21 million in 1996-97. But it tumbled down to US\$ 10.8 million in the last fiscal year.

The local ceramic product manufacturers reported that their sales were declining in the local and international markets.

"We are losing the battle because of the price factor. We import raw materials from those countries who are also our competitors in both these markets. Since we shoulder the carrying costs and high import duties, the raw materials become quite costly for us," said a high official of a leading ceramicware manufacturing company.

Local companies also complain that the traders here are importing Chinese products by under-invoicing, causing a significant price gap between the products of these two countries.

At present, local ceramicware manufacturers pay 7.5 to 25 per cent duty on imports of various raw materials in addition to a 15 per cent VAT, three per cent advance income tax and five per cent other charges.

In comparison, the importers pay 40 per cent duty

along with 23 per cent fringe taxes including VAT.

"But the main problem is that importers are under-invoicing their products. There should be an anti-dumping law and a fixed tariff value should be introduced on ceramicware imports to save the emerging sector," said Helal Uddin Ahmed, Deputy Managing Director of Standard Ceramic Industries Ltd.

"The price of China clay, the main raw material for ceramicware, is about Tk 5,000 per ton in India and in some other countries. But when we import it, our cost goes up as high as Tk 11,000 a tonne after adding all taxes, duties and transport fares," said Rashed Mowdud Khan, Member Secretary of Bangladesh Ceramicware Manufacturers' Association (BCWMA).

BCWMA appealed to the government for reduction of import duties on raw materials to a fixed 7.5 per cent instead of the present rates varying between 15 and 25 per cent. This, as the association views, would make them stay competitive.

"The government will lose some revenues by reducing the duties, but its earnings from VAT will increase because our sales would prop up," a BCWMA official said.

Explaining the reasons for the slide in ceramicware exports, EPB Director AKM Nizamul Alam, who looks after the sector, said that the country's ceramic exporters were facing tough competition from China and other Southeast Asian countries as they have heavily devalued their currencies following the economic meltdown making their products quite cheap.

He said that as part of their marketing drive, the local exporters should aim at reducing their overhead costs and should take necessary steps to tap new markets like Japan and Australia.

Japan External Trade Organisation (JETRO) in collaboration with EPB and the private sector entrepreneurs are now chalking out a plan to win the Japanese market, Nizam told The Daily Star.



A BLOW TO ACHILLES HEEL: The cheap imported ceramicware are finding their way into the Bangladesh market adding to the increasing woes of the local producers.

—Star photo by AKM Mohsin

FBCCI chief tells visiting delegation Bangladesh traders find Indian markets inaccessible

The visiting Indian Commerce Secretary, P P Prabhu, yesterday said India's market is open to Bangladesh goods if they are cheaper and competitive, reports UNB.

Exchanging views with Bangladesh's business leaders in the conference room of Federation of Bangladesh Chambers of Commerce and Industry, he said the existing trade imbalance between the two countries is "not deliberate," rather it involves some difficulties in the banking system and infrastructure.

He felt that banking system should ensure international standard services to enable more comfortable bilateral trade.

FBCCI President Abdul Awal Mintoo said huge trade imbalance is not desired in the interest of sound trading relationship.

Bangladesh traders do not find Indian market accessible because of tariff and non-tariff barriers like rules of origin and canalisation, he pointed out.

Although India withdrew quantitative restrictions from 2,000 items, these do not apply to Bangladesh in most cases. Mintoo noted, "Much is needed to be done in eliminating non-tariff barriers," he said, but feared that the objective of concession may be vitiated due to "bureaucratic and procedural complexities."

The chief of the Bangladesh's apex trade body said non-tariff barriers and absence of infrastructure facilities are serious impediments for Bangladeshi traders.

He also saw good potentials for enhancing trade between Bangladesh and northern Indian states and called for official steps to exploit the potentials.

"Bangladesh needs to diversify its range of products for exports to India," Mintoo said, naming ceramic and melamine tableware and kitchenware, particle board, medicines and Jamdani sarees among new exportable from Bangladesh.

Bangladesh Commerce Secretary Syed Alamgir Farrouk Chowdhury was also present on the occasion while FBCCI President Abdul Awal Mintoo referred to the problems and prospects of bilateral trade, heavily leaning to India.

Bangladesh's export to India was \$65.58 million in 1997-98 fiscal while its import stood at \$937.69 million, leaving a gap of \$872.11 million, official figures show.

Top business leaders including Dhaka Chamber President R Maksud Khan, attended the function arranged by the Federation of Bangladesh Chambers of Commerce and Industry (FBCCI) in its conference room.

Prabhu, who is leading a 12-

member official delegation to Bangladesh, said there is no restriction on Bangladeshi goods as India already opened its market by reducing tariff on Bangladeshi products.

Every single item can be sold in India, he added.

"India will be happy to import goods from Bangladesh if they are cheaper," he said. Referring to India's fertiliser import, the Indian bureaucrat said his country can buy this item from Bangladesh if the price is competitive.

"We want to see SAFTA a successful regional block," Prabhu said, stressing that the SAARC as a region must be more productive, competitive and efficient just because of the survival in the highly regionalised world market.

Prabhu applauded Bangladesh's success in maintaining a favourable export growth while India's export dropped by five per cent in the last fiscal and many other Asian economies are facing recession.

Syed Alamgir Farrouk Chowdhury mentioned Bangladesh's removal of large-scale tariff barriers to widen bilateral trade with India. As an unequal partner Bangladesh deserves some special supports from India, he said. He invited Indian investments on "buy-back" arrangements.

Tofail says at opening ceremony BIMST-EC Bazaar to boost consumer-producer ties

The BIMST-EC Bazaar began in the city yesterday displaying a wide array of goods and services of five member countries, including Bangladesh, reports UNB.

Dhaka is hosting the first trade fair of this kind after the BIMST-EC came into being last year as a bridge between two regional blocks — SAARC and ASEAN — grouping Bangladesh, India, Myanmar, Sri Lanka and Thailand.

Commerce and Industries Minister Tofail Ahmed formally inaugurated yesterday morning the 11-day fair, sponsored by the Royal Thai Embassy at its Baridhara fair ground, opposite to the American Embassy.

State Minister for Foreign Affairs Abul Hasan Chowdhury was present as special guest at the inaugural function, attended by diplomats and business leaders.

Thai Ambassador in Dhaka Pithaya Pookaman, Sri Lankan High Commissioner EG Dayananda, Myanmar Ambassador Lwin Tint and Indian High Commissioner's representative Riva Ganguly Das, Dhaka Chamber of Commerce and Industry (DCCI) president Rashed Maksud Khan and BIMST-EC Business Forum president A S M Quasem also spoke on the occasion.

Some 60 stalls, nearly half of them from Thailand, have been opened at the fair involving some 50 companies of the five countries. Traditional foods, fashion wears, electronic goods, medical equipment, jewellery and stoneware have been put on display for sale.

The fair remains open from 11 am to 10 pm everyday. Entry fee per visitor is Tk 10.

Inaugurating the fair, Tofail Ahmed said the first ever BIMST-EC Bazaar has added a new vista to regional relations and opened avenues for expanding trade and business among the member countries.

He said it will also facilitate

direct interaction between consumers and producers of the region who will be acquainted with the goods and services of BIMST-EC countries.

Bangladesh and Myanmar, both representatives of the 48 LDCs and comparatively less developed in the 5-nation group, can benefit much from such fairs, he felt.

Giving the background of the birth of the regional bloc following the 1997 Bangkok Declaration, the Commerce Minister said areas have been identified where the five-member countries can work together.

He advised the private sector business people to take the lead in deriving maximum benefits from enriched regional relations.

Also speaking on the occasion State Minister for Foreign Affairs Abul Hasan Chowdhury said that the BIMST-EC had grouped together three SAARC countries — Bangladesh, India and Sri Lanka, and two ASEAN countries — Myanmar and Thailand.



Aminur Rashid, faculty member of the Asian University of Bangladesh, delivers a lecture on "modern selling skills" at a session of the refresher course for the assistant managers of Bhuiyan computer offices in Dhaka, Sylhet, Chittagong, Narayanganj in the city recently.

— Adcomm photo

All starts operation in Bangladesh

American International Investment (All) Inc, a US-based corporation, has set up its office in Dhaka and will soon be providing ReadyCash bank card support services, says a press release.

Having signed a contract with Janata Bank, they will be providing a smart card-based solution which will allow anyone with an account at Janata Bank to pay for goods and services with a plastic card at thousands of merchant locations.

The card can also be used for payment of utility (e.g. electricity, gas, telephone and water) bills from the same merchant locations.

Merchants who need to travel from city to city to make purchases will now be able to do so with a ReadyCash card — without having to carry cash.

Thayne Whipple, Director of All is currently in Dhaka to personally oversee the implementation of the programme.

In describing his role, Whipple said, "All is completely committed to the successful implementation of the ReadyCash project in

Bangladesh. It is my desire to establish good relationships with both industry and banking leaders in an effort to make the ReadyCash system not only a profitable endeavour for its partners here in Bangladesh, but to make a positive difference in the financial sector of the economy."

Whipple feels that "ReadyCash is going to be the first card solution affordable to the general public in Bangladesh."

According to the press release, All will be working with some of the largest companies in the financial payment card industry to provide this service to Bangladesh. Among those collaborating in this venture are: Gemplus — the largest producer of smart cards in the world, Verifone — the largest producer of payment terminals in the world and DataCard — the largest producer of credit card printing equipment in the world.

Merchants who will be approved to use the ReadyCash terminals will initially be selected during this month and January.

ECNEC approves Tk 985 cr projects

The Executive Committee of National Economic Council (ECNEC) today approved 10 projects with an outlay of Tk 985.25 crore, including project aid of Tk 298.04 crore, reports UNB.

The approval was given at an ECNEC meeting held at the NEC Bhawan with Prime Minister Sheikh Hasina in the chair.

The projects are: Nandail-Tarail road development project (Tk 12.63 crore), setting up of studio equipment of Bangladesh Television at its extended building (Tk 34.92 crore), area based rural electrification project (Revised-3rd phase, Tk 125.37 crore), strengthening of vocational training activities for women to control population (Tk 11.42 crore), protection of Gaidbanda town and adjoining areas from flood water of Ghaghor river (Tk 15.46 crore), rehabilitation of railway bridges affected by 1998 flood (Tk 30.60 crore), rehabilitation of main line section of Bangladesh Railway (Western Zone) affected by 1998 flood (Tk 406.54 crore), rehabilitation of main line section of Bangladesh Railway (Eastern

Zone) affected by 1998 flood (Tk 253.88 crore) and rehabilitation of rail line, bridges, banks and other installations affected by 1998 flood (102 crore).

Concerned ministers, cabinet secretary, principal secretary to the prime minister, members of the planning commission and high officials were present.

Hilti showroom opens in city

Aziz & Company Ltd. sole agent of Hilti, opened a Hilti Centre showroom at Tejgaon in the city yesterday, says a press release.

M Mahbuzaman, Chairman of the Company, inaugurated the event, which was graced by prominent businessmen, architects, professionals and dignitaries.

Doug Flynn, Marketing Development Manager of Hilti, demonstrated the products of Hilti, the world renowned supplier of construction materials and building maintenance industry.

Employment Bank branches in divisions this fiscal Kibria for nat'l commission to develop livestock, fisheries

Finance Minister Shah A M S Kibria yesterday suggested formation of a national commission within three to six months for the development of livestock and fisheries to ensure food and nutrition for the people, reports APB.

The commission would identify areas where the government could extend support, he said.

Kibria said that production from lands had come to a near-optimum level but growth of livestock, poultry and fisheries could be increased 10 times.

"We have to depend on livestock and fisheries to ensure food and nutrition for the ever-growing populace of the country," Kibria said while inaugurating the Seventh Biennial Conference of Bangladesh Veterinary Association (BVA) at the Engineer's Institute auditorium.

He said that income from the agricultural sector was falling day by day as cultivable lands were being used for building houses due to population pressure.

What Bangladesh needs now is an integrated effort to develop and expand the livestock sector with an eye for commercialisation, the finance minister said.

"Though we allocated the lion's share of the Tk 3270 crore agricultural loan for the sector, I believe it is yet to get full national support."

The finance minister urged the ministry concerned to organise livestock exhibition in every district and at national level to encourage commercialisation and create competition. He also suggested introduction of incentives for those who would come out successful.

The finance minister said the country could save its hard-earned foreign currency if import of dairy products was reduced by raising domestic production.

He urged veterinarians to work sincerely and play their due roles in bringing the sector in the economic frontline so

that the sector can contribute much to poverty-alleviation and income-generating activities.

Responding to some problems of veterinary doctors, the finance minister assured them of resolving those by removing administrative bottlenecks.

Earlier, the conference was told that about 400 veterinary doctors, who are working in the 'Animal Health Care Expansion Project' were not getting their salaries for the last several months.

State Minister for Fisheries and Livestock Satish Chandra Roy said that he would take steps to form a national commission for the overall development of the sector.

Addressing as the special guest, he urged the scientists in the veterinary discipline to develop vaccines for common diseases of cattle and chicken.

He mentioned that medicines for FMD (Foot and Mouth Disease), a common disease of cows, was yet to be developed.

BOE under renewed rate-cutting pressure

The pressure is on again for the Bank of England's Monetary Policy Committee to cut UK interest rates as it meets for the last time this year.

Further bad news on the economic front has been compounded by co-ordinated rate cuts across Europe last week which saw interest rates in countries set to join the euro fall to 3 per cent — less than half the current UK rate of 6.75 per cent.

In real terms, taking into account inflation, European interest rates are now only 2 per cent.

Robin Aspinall, an economist at National Australia bank, believes the cuts "make the UK's interest rate level look still more absurd". He said UK rates needed to fall below 5 per cent to bring them in line with Europe in real terms.

A survey of leading economists found 65 per cent believe that the Monetary Policy Committee would cut rates by another 0.25 per cent this week, while 15 per cent

more say the bank will cut by 0.5 per cent.

Lande Abisgoun, of Idea, which carried out the survey, said: "It looks very gloomy out there. In the short term we are looking for more bad news."

But there are worries that even further interest rate cuts may not be enough to avoid a recession.

Clive Vaughn, of Verdict Research, said: "A rate cut may take the foot off the brake but it will not make much difference because there is no forward momentum."

Outlook gloomy

There are fears that with consumer and business confidence plunging, the UK economic slowdown has now become unstoppable.

Figures out this week showed manufacturers still suffering from the economic downturn.

Output in the three months to October fell by 0.7 per cent compared to the previous three months, according to the Office for National Statistics. It was

the heaviest three month fall since early 1995.

An economist at the Royal Bank of Scotland said: "The figures show us how bad things are for manufacturers and to sum up — they are awful."

Retailers suffering

Latest figures from the shops also paint a gloomy picture. Data compiled by the British Retail Consortium show UK retailers had another bad month in November, prompting fears that they will be left with billions of pounds of unsold Christmas stock.

High Street sales slumped for the second month in a row and the BRC said retailers were facing a "white knuckle ride" in the run up to Christmas.

Director General of the British Retail Consortium, Ann Robinson, said: "There has been no discernible effect yet from last month's cut in interest rates. A further cut may be required to encourage shoppers to start spending."

—BBC Internet

Global computer chip sales up in October

SAN FRANCISCO, Dec 9: Global semiconductor sales totalled 10.8 million dollars in October, a rise of 6.2 per cent from the previous month, the Semiconductor Industry Association said, reports AFP.

But the year-on-year sales figure was down 9.4 per cent, and overall chip sales in 1998 are likely to fall nearly 11 per cent below the 1997 level, the SIA said.

The strongest increase in October took place in the European market, which grew nine per cent to 2.586 billion dollars from the previous month, and grew two per cent year-on-year, the SIA said.

Chip sales in the United States in October rose 5.1 per cent from September to 3.619 billion dollars but were nine per cent lower from the year earlier at 3.618 billion dollars.

The SIA said sales in Japan rose 5.7 per cent to 2.1 billion dollars in October from September, and were down 21.8 per cent from the year earlier.

Sales in the Asia Pacific region rose 5.5 per cent to 2.514 billion dollars in October from September, but were eight per cent lower than the year earlier.

European drug makers Astra, Zeneca to merge

STOCKHOLM, Dec 9: Sweden's Astra and Britain's Zeneca announced Wednesday that they will merge, bringing together two mid-sized drug makers best known for their pain relief products, reports AP.

Company officials said the deal, which had been rumored for months, would lead to significant cost savings but also eliminate 6,000 jobs. The new company, called AstraZeneca, has annual sales of nearly \$16 billion and a total stock value of \$67 billion.

"AstraZeneca combines the best of two innovative companies with successful track records of organic growth," Percy Barnevik, nominated to be chairman, said in a statement released by Astra.

Barnevik is the head of the Investor AB, the investment arm of Sweden's Wallenberg family, which owns 12 per cent of Astra.

Zeneca CEO Tom McKillop, who is to hold the same title for the new company, said in the same statement that "Astra and Zeneca are a perfect fit."

Astra is best known as the maker of Prolosec, an ulcer and heartburn medication that is the world's best selling prescription drug and comprises

about half the company's total sales.

But the drug is scheduled to lose its patent protection in 2001, which will open the door for generic firms to make a less expensive copy and slow the company's overall sales growth. Analysts speculated that is a leading factor influencing the merger.

Astra, established in 1913, also makes lidocaine, a popular local anaesthesia drug first developed in the 1940s.

Zeneca is the second-leading maker of cancer drugs behind Bristol-Myers Squibb of the United States. It also has a large agricultural business and owns Salick Health Care, a US operator of cancer treatment and dialysis centers.

But like Astra, Zeneca has several cancer drugs expected to soon lose their patent protection.

"This is a winning combination," said Sergio Traversa, an analyst with Metha Partners, a drug industry investment firm. "Both are strong in limited areas."