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Booming Bangladeshi packaging industry now eyes Indian market

Star Business Report

After providing cost-effective and innovative solutions to the domestic requirements, the fledgling packaging industry in Bangladesh is now eyeing the Indian market with an array of quality and low-priced products.

Taking advantage of the government's tariff structure, the industry flourished fast with some 450 packaging factories developed over the last five years.

"There are enormous opportunities for us to grab the Indian market since our products are better as far as their quality and production costs are concerned," said Salam Chowdhury, Chairman of Packers Bangladesh Ltd. (PBL), one of the leading packaging industries in the country.

In India, the cost of per kg packaging raw material is 51 Indian rupees whereas in Bangladesh the imported finest-quality raw materials cost only Tk 35 a kg.

Chowdhury's company recently participated in INDPACK 2000 held in Calcutta from January 14 to 17. Visitors and buyers showed keen interests in the products of PBL and their standards and prices took them by surprise.

Salam Chowdhury, a young and energetic entrepreneur who established his industry in 1997, is of the view that Bangladeshi packaging items can easily win the Indian market. But the government has to negotiate a favourable tariff structure with the Indian side for the local packaging products, he observed.

Salam said that the exporters of Indian tea had already shown their interest in Bangladeshi packaging products. He said the Indian tea exporters, as asked by the European importers, are now thinking of exporting tea in hard carton boxes instead of the ones made of wood.

He said Bangladeshi packaging products are better than those of India as the machinery used here are imported from Europe, Japan and Taiwan. The raw materials that go into the making are also the best available in the world, he added.

There was a time when the country's garment sector had to depend on foreign packaging industries for packing materials. But now the local industries in the business are able enough to meet the domestic demand.

"The packaging industry of the country contributes some 15 per cent of the total RMG export earnings by providing the entire packaging facilities and with a value addition not less than 30 per cent," said Salam Chowdhury.

In 1999, the industry earned Tk 2000 crore while this year the target has been set at Tk 2500 crore, he said.

In his efforts to achieve higher product standards, Salam, aided by a ten-day training in the Philippines, continues to introduce new concepts with a view to minimising the packaging costs and offering better services.

"The packaging of a product is an integrated brand marketing science," Salam said, adding that "quality is the main thing in this business."

Packers Bangladesh Ltd. has the arrangement for its product quality testing at an ISO-certified packaging industry in Singapore.

As a recognition of its quality, PBL has been nominated as a supplier of cartons and packaging materials for the world-renowned apparel brand "LEVIS".

With a per year turnover of Tk 4.5 crore and 6,000 ton production capacity, Packers Bangladesh is now planning to enter into a joint venture with a renowned US company.

"I have received an offer from a US company. This is a good proposal as there is every scope for large-scale packaging industry in Bangladesh with a prospective market in India," said Salam Chowdhury, adding that he would hold talks with the Singapore office of the US firm detailing his investment plan.

A businessman passes in front of an electronic stock price board in downtown Tokyo on Friday. Share prices opened higher, reaching the 20,000-point mark for the first time in more than two years. The Nikkei 225 index briefly topped 20,000 points at around 9:40 am (0040 GMT), but it quickly fell back on profit-taking.
— AFP photo

Japan's growing debt may wreck world economy

TOKYO, Feb 4: Japan's ballooning public debt, made worse by wasteful public works spending, is a time bomb that could wreck the world economy, two Japanese academics said Friday, reports AP.

"We are looking at a danger signal blinking near and bright," said Ako Ogawa, a lecturer in the Graduate School of Public Policy at Tokyo's Chuo University.

Ogawa and Takayoshi Igarashi, a professor of law at Tokyo's Hosei University, spoke at the Foreign Correspondents' Club of Japan about the need to slash both public works spending and the debt if Japan is to truly regain its economic might.

Attempting to jump-start the economy, the government has lavished funds on bridges to sparsely populated islands, concrete linings for rivers and roads to nowhere, they said.

Rather than helping the economy or the people, the spending mostly benefits an "iron triangle" of powerful politicians, bureaucrats, and businesses, Ogawa and Igarashi said.

EU, ACP agree on new treaty

BRUSSELS, Feb 4: After a year of stormy negotiations, the European Union and its 71 former Africa, Caribbean and Pacific (ACP) colonies yesterday night agreed a broad aid-and-trade convention projecting their ties into the heart of the 21st century, an EU official said, reports AFP.

The last sticking point to renewal of the 25-year-old Lome Conventions — re-admission by ACP countries of illegal immigrants — was ironed out when the EU agreed to an ACP proposal for re-admission conforming to "international legislation," he said.

The largest hurdles to the new pact were settled in December and the two-day ministerial session that ended here Thursday had largely been devoted to settling secondary issues.

Renata to make saline for BRAC healthcare drive

Renata Limited will manufacture and supply Brac Saline for Brac's countrywide community healthcare programme.

An agreement to this effect was signed by Aminul Alam, Deputy Executive Director of Brac, and Dr Sarwar Ali, Managing Director of Renata Limited, in the city recently, says a press release.

F H Abed, Founder and Executive Director of Brac, and S H Kabir, Chairman, Board of Directors of Renata Limited, were present on the occasion.

Aminul Alam, Deputy Executive Director of BRAC (Right), and Dr Sarwar Ali, Managing Director of Renata Limited, sign an agreement on manufacturing and supplying BRAC Saline for BRAC's countrywide community healthcare programme. F H Abed, Executive Director, BRAC, and S H Kabir, Chairman of Renata Limited, are seen witnessing the signing.
— Renata photo

ADB, WB readying measures for stronger co-op

MANILA, Feb 4: The Asian Development Bank (ADB) and the World Bank are looking at a series of proposals aimed at boosting cooperation between the two multilateral institutions, the ADB said in a statement here today, reports AFP.

Among these measures are annual meetings between senior management teams of the two banks to review their cooperation and consider joint initiatives and areas of collaboration, the ADB said in a statement from its headquarters in the Philippine capital.

World Bank country directors and ADB programme and project directors are also considering holding annual meetings for review of country programmes and discussions on the countries.

Regular consultation may also be held between senior management of the World Bank and the ADB to be followed by joint reports to the staff of both institutions, the statement added.

These measures were endorsed in a series of meetings held between senior ADB and World bank managers in 1999, the ADB said.

Americas finance ministers battle dirty money

Vow to eliminate legitimising means

CANCUN (Mexico), Feb 4: Finance Ministers from across the Americas took steps yesterday to gauge the amount of dirty money flowing through their economies and pledged to work together to eliminate the means by which drug traffickers, arms dealers and corrupt officials legitimise ill-gotten cash, reports Reuters.

A one-day meeting of finance chiefs from North and South America and the Caribbean resulted in broad-stroke agreements for fighting poverty, responding to economic crises and fostering trade across the hemisphere.

Among the more concrete actions were those taken toward fighting money laundering, the process whereby criminals flush proceeds of illicit activities through the above-board economy.

"There was an agreement, a very clear understanding, that the fruits of crime should not be enjoyed and that governments have got to work together and cooperate so that does not happen," Canada's Finance Minister Paul Martin told a news conference wrapping up the meeting in this Caribbean resort town.

Ironically, Cancun is located in the Mexican state of Quintana Roo, whose former governor, now a fugitive, is alleged to have profited handsomely by turning the state into a beachhead for Colombian cocaine headed for the United States.

Led by Brazil and Argentina, South American countries agreed to form a task force aimed at recommending specific actions governments can take to protect financial systems from dirty money and to stop its cross-border movements. The new South American task force will join a similar Caribbean body that also includes Mexico and Central America.

The ministers also called on the International Monetary Fund (IMF) to spearhead a study on the scope of money laundering and its effects on North and South American economies.

Delegates to the meeting, including US Treasury Secretary Lawrence Summers and International Monetary Fund (IMF) Managing Director Michel Camdessus, warned the group against complacency at a time when no major financial crisis is battering North and South America but decades-old problems persist.

The outgoing IMF director said as a result of strong US and Canadian growth, solid world commodities prices and "prudent" economic policies, the Latin American and Caribbean economies as a whole should grow 4 per cent this year after remaining basically flat in 1999.

However, he cited uncertainty over the availability and cost of outside financing for the region as well as the "urgent" need to shore up the finances of many governments and private-sector banking systems.

But Camdessus and others cited deep-rooted poverty and inequality as the hemisphere's most stubborn challenge.

World Bank President James Wolfensohn said that in the last 20 years, the number of poor in Latin America and the Caribbean has grown by more than 40 million to a total of 180 million, leaving poverty levels at about 37 per cent of the total population, roughly unchange since the mid-1980s.

"Economic growth is one issue but the real fundamental issue is how we attack the problem of poverty and social justice," he said.

New president of ICMAB

The Council of the Institute of Cost of Management Accountants of Bangladesh (ICMAB) at its meeting held recently unanimously elected M Abul Kalam Mazumdar FCMA President for the year 2000, says a press release of the Institute.

The Council also elected Md Mujibur Rahman FCMA and MA Matin FCMA as Vice Presidents and ABM Shamsuddin FCMA and AKM Delwer Hussain FCMA as the Secretary and Treasurer respectively for the same period.

Abul Kalam Mazumdar, a Fellow of the Institute and an MBA from Dhaka University, is the Director and Executive Vice President of Anlima Yarn Dyeing Ltd. Also the Vice President of the Institute of Management Consultants of Bangladesh, Mazumdar takes keen interest in professional development activities and is one of the young professionals elected for the position.

Earlier, he was the Vice President of the Institute during 1996 and 1997, Secretary for the years 1994 and 1995 and Treasurer for 1993. After qualifying as a Cost and Management Accountant in 1984, Mazumdar played an active role in the formation of Dhaka regional council of the Institute in 1986. He was the Chairman, Secretary and Treasurer of the Dhaka Branch Council (DBC) during 1989, 1987 and 1986 respectively.

He earned a diploma with distinction on Managerial Control and Management Information Systems from the Netherlands. Mazumdar also served Beximco Group, the Ministry of Finance and Bangladesh Jute Mills Corporation in various capacities.

Switzerland-supported agri marketing scheme falters

A donor-supported agricultural marketing scheme kept faltering over the years depriving the country's millions of poor and marginal farmers of an opportunity to increase their income at least by 25 per cent, reports UNB.

Only a few were fortunate to avail themselves of the opportunity of crop storage and credit facility under the Shoshya Gudam Rin Prokalpa (Crop Godown Credit Project).

Farmers stock crops in storehouses under the project in the harvesting seasons to avert distress sale and take loan against the grain for the period to repay farming loans and meet immediate household demands.

"They take out their produce from the godowns and sell when market price reaches an expected level leaving no chance for the mohajans and hoarders to take away the lion's share of their farming incomes," writes UNB correspondent Abdul Latif quoting officials and the beneficiaries.

The project was launched in 1979 with the financial assistance of Swiss government to ensure fair price for the farmers who are compelled to sell out their produce at lower prices during harvest times.

The project started journey with a newly-constructed 560-quintal-capacity godown at Mondolerhat in Boda thana of Panchagarh district in the country's northern tip to provide storage and credit facility to 555 listed farmers of the area.

In last 20 years since the inception of the agricultural marketing-support scheme, only 12 new godowns of various capacities and 39 godown of LGED have been in operation. Renovation works of another five godowns of LGED have also completed to start operation from the next Rabi season, officials here said.

The LGED godowns have been rented and renovated under the project. The cost for a new godown amounted to Tk 7-9 lakh while renovation costs for an LGED one amounted to Tk 2.45 lakh.

Sources said LGED has 731 godowns, constructed in 1980-81 and 1981-82 fiscal years.

All the 56 godowns with a capacity of 54,244 quintal are expected to provide storage facility for only 40,935 farmers of 13 districts — Panchagarh, Dinajpur, Nilphamari, Rangpur, Gaibandha, Bogra, Rajshahi, Manikganj, Sherpur, Magura, Narail, Jessore and Jhenidah.

Asian stock markets close higher

HONG KONG, Feb 4: Asian stock markets closed generally higher Friday but the key index in Tokyo slipped on profit-taking, reports AP.

The bourses were closed in Hong Kong, Taiwan, Malaysia and South Korea on the eve of the Chinese New Year of the Dragon.

In Tokyo, the benchmark 225-issue Nikkei Stock Average closed down 23.29 points, or 0.12 per cent, at 19,763.13. On Thursday, the average closed up 207.51 points, or 1.06 per cent.

Although the Nikkei finished lower, it briefly moved above the critical 20,000 -point threshold for the first time since Aug 1, 1997, when the high for the day was 20,399.14. The Asian crisis hit in the summer of that year.

Elsewhere:

Wellington: New Zealand share prices closed higher, led by strong demand for local media stocks Sky Network Television Ltd and Independent Newspapers Ltd, brokers said. The NZSE-40 Capital Index rose 27.73 points, or 1.4 per cent, to 2,039.12.

Manila: Philippine shares closed higher on foreign bargain-hunting in select blue chips. The 30-company Philippine Stock Exchange Index breached the 2,000-point level to close at 2,008.86, up 10.73 points, or 0.5 per cent.

Sydney: The Australian share market lost ground as profit-taking in News Corp offset gains in the banking and retail sectors. The All Ordinaries fell 20 points, or 0.64 per cent, to 3,115.1.

Bangkok: Thai shares closed higher, buoyed by local buying in oversold banking stocks. The Composite Index rose 4.56 points, or 1 per cent, to 470.34.

Mannesmann, Vodafone to merge into biggest European telecom titan

DUESSELDORF (Germany), Feb 4: Mannesmann AG's management laid down its guns yesterday and agreed to an 180 billion euro ($176 billion) merger with Britain's Vodafone AirTouch Plc to create Europe's biggest telecoms titan, reports Reuter.

Following marathon talks called just four days before the record hostile bid closed, the two European partners were poised to end hostilities as Mannesmann's management board recommended a fresh, all-share offer of 58.98 Vodafone shares per Mannesmann share.

The offer, to be put to investors, places an implied value on the German group's stock of 353 euros and gives Mannesmann investors 49.5 per cent of the combined group, rather than the 47.2 per cent originally on the table.

"We have agreed between us that Vodafone AirTouch will be making a revised proposal to Mannesmann shareholders, "Vodafone Chief Executive Chris Gent told reporters at Mannesmann's Duesseldorf headquarters, adding that the German group's management board was recommending the bid.

Supervisory board yet to agree

But the deal, that ends a three-month battle for dominance of mobile communications in Europe, has yet to be ratified by Mannesmann's supervisory board, which includes top industrialists and employees.

The board held a three-hour meeting which broke up at 1500 GMT without agreement. Gent said it would meet again on Friday.

Vodafone, already the world's largest mobile phone company, is poised to add to its fold Mannesmann's 18.5 million customers to create a 54 million-strong global empire with interests stretching across 25 countries and five continents.

Mannesmann's ambitious Chief Executive Klaus Esser will become deputy chairman of the merged group after a vigorous campaign against Gent, during which he argued that his strategy focusing on Europe and both fixed, mobile and Internet businesses would deliver greater shareholder value.

But Gent just adopted the strategies Esser accused him of lacking, while waving his company's global reach under Mannesmann investors' noses.

Esser, who is credited with creating one of Europe's most dynamic telecoms groups, failed to get cash for his investors, but he managed to squeeze around five extra shares out of Vodafone per Mannesmann share.

"If you create shareholder value, then you are remembered for it," said David Stevenson, investment manager at Scottish Value Management, which has stakes in both companies. "Esser gave 350 euros as his target and managed to talk up that value and won a few more per cent. He gets credit for that."

Stung into arch action by Mannesmann's surprise acquisition of its domestic arch rival Orange Plc last year, Vodafone in November launched a record hostile bid to secure prized joint ventures in Germany and Italy. Had the hostile bid gone to the wire, it would have been unprecedented in Germany.

But both sides were under increasing investor pressure to secure a deal that would ease and secure future restructuring plans, and frenzied speculation of an agreements was fuelled by statements earlier that the two companies had started talks.

Vodafone has said it would demerge Orange, Britain's third biggest mobile phone company, to appease regulatory concerns. It has been so confident of its case, that it has not made the Mannesmann bid conditional on European clearance.

But the European Commission has said it would study carefully how Vodafone plans to divest the business, saying it was "not necessarily good enough to say you'll get rid of Orange in the UK, but also the way in which it will be done."

"As in all these cases, we have to look not only at the commitment to divest where there is a market overlap, but also look at how it is divested and who will have control over it," a commission spokesman said on Wednesday.

Germany's acid test

The deal was seen as an acid test of how open the German economy is and whether the conservative country is ready to concede foreign control of some of its industrial jewels.

The success of Vodafone — a mere teenager — in winning one of Germany's most venerable concerns is expected to unlock a wave of foreign interest in German companies, particularly in banks and telecoms.

A famous industrial and manufacturing concern, Mannesmann has refocused on telecoms over the past decade, building a wireless and fixed network.

Traders said Vodafone's original 53.7 Vodafone share offer for each Mannesmann share would be boosted to 58.8 Vodafone shares if the new terms were agreed.