Star BUSINESS

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Lift ban on yarn import thru' land ports: Garment sector

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Three garment sector trade bodies yesterday submitted a memorandum to the government demanding immediate withdrawal of a ban on import of yarn through land ports.

The ban should be withdrawn immediately to save the export-oriented garment industries and help overcome the challenges in the competitive international markets, the memorandum said.

Around 800 factories in the garments sector would face immediate closure and four lakh workers lose jobs if the ban is not withdrawn, it claimed.

The trade bodies are-Bangladesh Garments Manufacturers and Exporters Association (BGMEA), Bangladesh Knitwear Manufacturers and Exporters Association (BKMEA), and Bangladesh Terry Towel and Linen Manufacturers and Exporters Association (BTTLMEA).

The memorandum said the knitwear and terry towel industries in the country depend on the import of yarn as the local textile mills can not meet entire local demand.

The sector has an investment of around Tk 5,500 crore and four lakh employees and another 2.5 lakh people have indirect involvement with the industry who would also suffer due to ban on yarn import through land ports, it noted.

According to sources, a high-powered delegation headed by the BGMEA chief yesterday tried to meet the Prime Minister to hand over the memorandum but failed due to her prescheduled business. Later, they submitted the memorandum to the Prime Minister's Office for her consideration.

Earlier, they met Finance Minister M Saifur Rahman on Monday and demanded withdrawal of the ban but he referred them to the Prime Minister.

Talking to the daily Star last night, BGMEA President Kutubuddin Ahmed said their main demand is smooth supply of yarn at international market price.

The garment sector uses Indian yarn as it is much cheaper than the local one, he said. "The price of local yarn is around 30-35 per cent higher than the price in international markets".

The National Board of Revenue (NBR) imposed the ban on import of yarn through all land ports last month. The ban was imposed in response to the demand of Bangladesh Textile Mills Association (BTMA), a platform of private textile mill owners.

They demanded the ban because around 6,000 crore worth of yarn remained unsold due to supply of yarn from neighbouring India.

They blamed India for dumping its goods in Bangladesh at a cheaper price only to capture the market. The BTMA in a recent press conference also urged the government to continue the ban to save local textile mills and help in developing backward linkage industries in the country.

The BGMEA president observed that the textile mill owners should bring down the price of their products or they can go for export if their product remain unsold.

Govt plans meet to face post-MFA trade regime

BSS, *Dhaka*

The government is going to hold a meeting with all the stakeholders to explore ways and means to face post Multi Fibre Arrangement (MFA) phasing out period in the trade sector after 2004.

Official sources told BSS Tuesday that the government would sit together with all the stakeholders within next ten days to take all out preparation for facing the MFA phasing out situation where market accessibility may shrink for Bangladeshi exportable.

The meeting would go for brain storming on strategies for expanding the country's export basket and ensure wider accessibility in the international market.

They said strategies that are already evolved to expand the export market would be brought under the agenda for discussion in the meeting where the private sector entrepreneurs would be largely represented.

The sources hoped that the business that adds values through exports might be taken as one of the major sectors for discussion in the meeting.

Federation of Bangladesh Chambers of Commerce and Industry (FBCCI) President Yusuf Abdullah Haroon said he expects that the meeting would be held within ten days time with Commerce Minister Amir Khasru Mahmud Chowdhury in the chair.

He said the private sector entrepreneurs were preparing a strategy paper for presenting it in the meeting.

The FBCCI president said the meeting would play a major role in coordinating all our thoughts to face the post MFA situation.

The strategy paper would mainly deal with the steps that are to be taken during the MFA phasing out situation to retain and expand Bangladesh's market accessibility in the international market.

The representatives of FBCCI, textiles and RMG sectors and all other chambers of commerce and trade are likely to take part in the meeting.

The meeting is also expected to underline the need for strict adherence to standardisation of export products and suggest for an organised consumer association to ensure product quality.

Phoenix Leasing declares 25pc dividend

Phoenix Leasing Company Ltd has declared a 25 per cent dividend for the year ending December 31, 2001, says a press release.

The dividend comprising 20 per cent cash dividend and five per cent bonus share was announced at the company's seventh annual general meeting held at a local hotel on Thursday.

The meeting was presided over by Deen Mohammad, Chairman of the company. M Yunus and Md. Shoeb, Vice Chairmen, Nasir Uddin Ahmed, Mazharul Haque, MA Majid, Rafiqul Islam Khan, Evana Fahmida Mohammad, Directors, A Quadir Choudhury, Managing Director, Kazi Emdadul Haque, Executive Vice-President, A M Sadeque, Secretary to the Board of the company, and Harun-Ur-Rashid, Auditor of the company, were also present.

Shell to buy Enterprise Oil for $ 5.0 b

AFP, *London*

Anglo-Dutch oil major Royal Dutch/Shell said Tuesday it had agreed to buy Enterprise Oil, Britain's biggest independent upstream oil firm, for 3.5 billion pounds (5.7 billion euros, 5.0 billion dollars).

Shell said it would also take on 800 million pounds of Enterprise's debt, valuing the group at a total of 4.3 billion pounds. It aims to cut annual costs at the merger group by 300 million dollars.

"This is an attractive deal that offers a strong complementary fit for Shell EP in the UK North Sea and supports Shell's commitment to Norwegian growth," said Walter van de Vijver, a managing director of Shell.

"Elsewhere it provides us with an attractive growth opportunity in Italy and improves Shell's position in Brazil," he added.

The offer represents a 15-per cent premium on Enterprise's share price before the start of trade, and Enterprise shares surged 15 per cent to 724.5 pence on news of the bid.

Shell's share price gained 0.9 per cent to 527.5 pence as analysts gave a cautious welcome to the proposed take-over of Britain's largest independent oil exploration and production outfit.

Malaysia limits routes for Filipino, Indonesian ships

AFP, *Kuala Lumpur*

Malaysia on Monday enforced a new security ruling limiting the number of routes for Indonesian and Filipino ships in a bid to bar the entry of illegal immigrants to its Sabah state on Borneo island.

The ruling, which limits the movement of trade and passenger vessels entering and leaving Sabah to seven designated routes along the coast, would enable authorities to "keep an eye on the ships", said state Chief Minister Chong Kah Kiat.

"Observations by the navy have revealed that there are trading and passenger vessels from the Philippines and Indonesia entering Sabah which are involved in illegal activities like smuggling illegal immigrants, firearms," Chong was quoted as saying by the official Bernama news agency.

Chong said the Indonesian and Filipino vessels had to comply with other regulations including remaining within one nautical mile of the designated routes, and which barred them from carrying or storing firearms.

Pak rice export seen dropping by 50pc

REUTERS, *Karachi*

Pakistani rice exporters fear falling production will cut rice exports next year to half the amount shipped out two years earlier in 2000/01, and industry official said.

Rahim Janoo, chairman of Rice Exporters Association of Pakistan, told Reuters the government estimates of a domestic crop of 3.5 million tonnes in 2002/03 (July-June), would slash exports by at least 50 per cent from the 2000/01 level.

"The estimate of 3.5 million tonnes for the next season crop is very alarming. Local consumption is 2.3/2.4 million tonnes, which means we will have only one million tonnes of rice available for export in the 2002/03 season," Janoo said in a weekend interview.

Rice production in 2001/02 was 4.0 million tonnes.

15-year growth trend bright, but sustainability in doubt

BIDS seminar told

STAR BUSINESS REPORT

Although the country's growth trend shows a bright GDP acceleration from 1985-86 to 2000-01, sustainability of such growth is doubtful, a seminar held in the city yesterday was told.

Dr. Rushidan Islam Rahman, Research Director of Bangladesh Institute of Development Studies (BIDS), in her paper titled "Pattern of Economic Growth in Bangladesh and Sustainability of the Growth Process" expressed such doubt on the basis of a number factors.

The factors, as per the paper, are discontinuous industrial growth process, lack of complementarity between growth in agriculture and manufacturing sectors and interruption in acceleration of growth rate of investment and gross domestic savings during the later part of the 1990s.

"Investment growth would have been further declined, unless public investment accelerated during the second half of the 1990s. Moreover, there has been a significant negative relationship between public and private investments over the last 15 years", Dr. Rushidan said in her paper.

According to her, if the possibility of stagnation or deceleration of crop sectors growth in near future is considered, the concern about the instability of GDP growth would emerge as more serious. "The overall GDP growth rate may plunge into a disastrous level, if this happens before the growth of manufacturing sector picks up," the paper said.

A total of six papers were presented at the BIDS seminar on " Performance of the Bangladesh Economy: Selected Issues". There were two sessions of the seminar. The first session on 'Performance of the Economy' was chaired by Centre for Policy Dialogue Chairman Professor Rehman Sobhan while the second session on 'Selected Issues on Development Experience' by Planning Division Secretary Badiur Rahman.

Visiting fellow of BIDS Dr. Mustafa K Mujeri in his paper on "Bangladesh: External Sector Performance and Recent Issues" said the realisation of benefit from trade reforms, however, remains a matter of controversy. " It is argued that trade reforms do not readily bring benefit for the Bangladesh economy and the standard arguments favouring trade liberalisation are not necessarily applicable to the country", he said.

Bangladesh reduced the tariff rates at the fastest pace between 1989 and 1999 which indicates that the country liberalised its economy at a much rapid rate compared to its neighbours, he observed that.

Dr Mujeri said the changes in the labour market have been significant indicators of the impact of trade reforms. The manufacturing employment declined at more than six percent per year which indicates that trade reforms in the country witnessed significant adjustments in the labour market, particularly in its formal segment, he said.

Dr. Mujeri observed in his paper that trade liberalisation in Bangladesh can best be undertaken when the economy grows robustly so that employment losses as a part of needed restructuring can be offset by rapid growth in other sectors of the economy.

He opined that reform could be made beneficial when it is complemented by measures to strengthen the domestic economy, addressing structural bottlenecks, and improving the policy regimes and institutional capabilities.

A paper on " Agricultural Growth: Performance and Prospects " was also presented in the first session by Dr. Quazi Shahabuddin of BIDS and Dr. MA Quasem of BIDS.

While summing up the first session Rehman Sobhan said Bangladesh has done extremely well in terms of reform, relative changes and actual reduction of tariff. "Now we have to look into the impact of these reforms in different sector of our economy", he observed.

He also said trend in the global trade is going to be a major determinant for Bangladesh rather than the policy affairs at the domestic level.

In the second session, three more paper were presented by Director General of BIDS Dr M Asaduzzaman, Dr AH Mondol, a research fellow of BIDS, and Dr. Atiur Rahman, senior research fellow of BIDS.

Dr. AH Mondol presented his paper on "Role of EPZs in Industrial Growth", Dr. Atiur Rahman on Budget Allocations for Women's Participation in Economic Growth and Dr. M Asaduzzaman on Determinants of School Enrolment of Children.

CADD centre opens in city

CADD Centre India Pvt Ltd, a leading CADD and Grafx training institution in Asia-pacific, launched its first centre in Bangladesh at West Panthapath in the city on Saturday, says a press release.

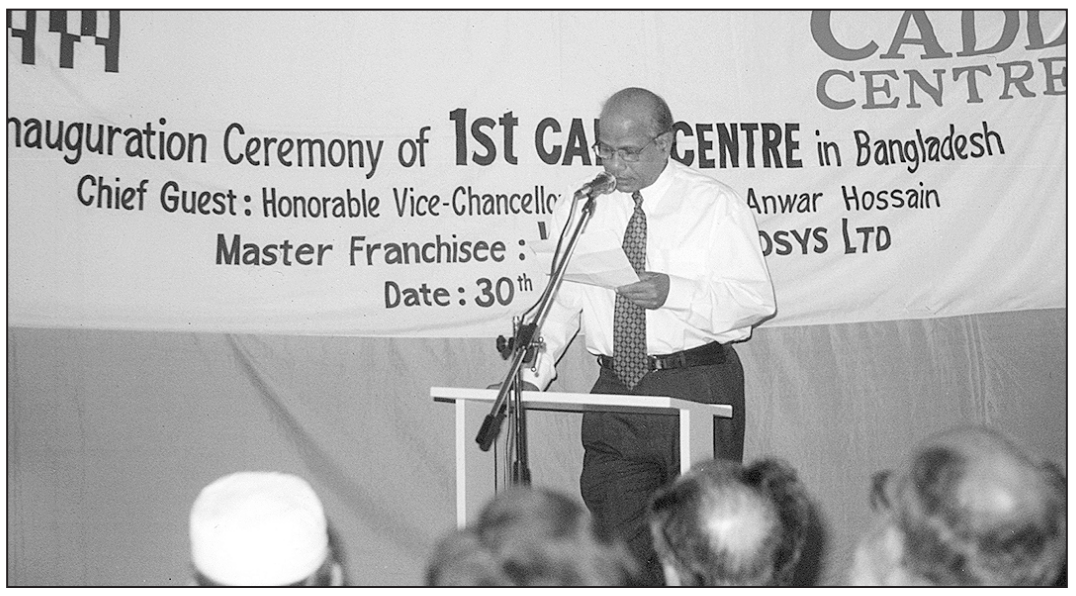
Executives of leading engineering and construction companies attended the inaugural ceremony.

In his opening speech K Rahmatullah, Chairman of Win-Win Infosys Ltd, master franchisee of CADD Centre in Bangladesh, stressed the need for engineering software training for engineers.

Sudhir Kumar, International Business Manager of CADD Centre, gave a detailed presentation on the target segments for CADD, GIS, project planning and management, Colorgrafx and multimedia courses. He also explained the features of CADD Centre.

Dr M Anwar Hossain, Vice-Chancellor of Islamic University of Technology (IUT), attended the function as chief guest and called for taking this kind of training to other parts of Bangladesh.

Managing Director Hassan Tariq and Director-Marketing Mohiuddin Mahboob of Win-Win Infosys Ltd were also present.



K Rahmatullah, Chairman of Win-Win Infosys Ltd, master franchisee of CADD Centre in Bangladesh, speaks at the inaugural ceremony of a CADD centre at West Panthapath in the city on Saturday.

Lufthansa Cargo to utilise DHL intra-European express network

Lufthansa Cargo and DHL Worldwide Express will jointly utilise the intra-European overnight express network of DHL says a press release.

This will be effective from April 1, 2002.

DHL will help Lufthansa Cargo to replace this existing Boeing 737QC network with the increased capacities on the Boeing 757F freighters, which are to be delivered to DHL in the course of this year.

In the coming summer schedule, Lufthansa Cargo will offer a total of 13 destinations on the European DHL network. The contracted capacities blocked space agreements on these DHL freighters can be booked under LH flight numbers.

A joint planning team is engaged in improving aircraft utilisation and optimising flight schedules in order to meet the needs of both companies' customers.

The partners expect to greatly expand their co-operation by summer 2003. As both Lufthansa Cargo and DHL operate an Express Hub in Cologne, this will be the central point of freight transfer between the two carriers.

PHOTO: STAR

Visitors make enqueries at a stall at the Thailand Exhibition-2002 that attracted huge crowd yesterday, the concluding day of the three-day trade fair held at Sonargaon Hotel in the city.

Indian exports continue to crawl dashing hopes of 3 pc growth

REUTERS, *New Delhi*

Indian exports, hampered by a global slowdown in demand, continued to crawl in February, dashing the government's hopes of achieving three per cent growth in exports for the financial year to March 2002.

Data released by the Commerce and Industry Ministry Monday showed merchandise exports rose 0.76 per cent to $3.72 billion in February 2002 from $3.69 billion in the same month a year earlier.

"The export growth would be flat for the entire year. It could be negative also," D H Pai Panandikar, president of the RPG Foundation, a private economic think-tank, told Reuters.

For the 11 months between April and February, merchandise exports rose 0.06 per cent to $39.75 billion from $39.73 billion a year ago. For details click (nDL291239).

But analysts said the increase in non-oil imports during April and February was a good sign.

"The growth in non-oil imports reflects that there is a feeble recovery in industrial production," said Panandikar.

India's industrial growth picked up in January to 3.2 per cent, and economists said a mild recovery was underway, which could gather momentum in the months ahead.

The Indian economy is estimated to grow at 5.4 per cent in the year to March 2002, which would make it one of the fastest growing economies in the world.

But economists say this is far short of the double-digit growth needed to wipe out mass poverty in a country with a population of more than one billion.

Oil imports were down 11.87 per cent in April-February to $12.87 billion from $ 14.61 billion in the year-ago period, and analysts attributed this to the fall in global crude oil prices.

Strong export growth of 18.17 per cent in January 2002 had raised hopes the government would surpass its three per cent target set in December for the year ended in March, down from an earlier estimate of 12 per cent.

India revised its target after the September 11 hijack air attacks on two cities in the United States, New Delhi's largest trade partner, which hit global business sentiment.

"The January figure was a surprise to us. Our expectation is that there would be no growth for the year as a whole," said Shashanka Bhide, chief economist with the National Council for Applied Economic Research, an independent economic think-tank.

Bhide said the latest data showed that the economic revival in the key markets for Indian exports such as the United States and European countries had not yet taken shape.

On Sunday, the Indian government scrapped virtually all export barriers and provided incentives to several export sectors to boost the country's contribution to world trade to 1.0 per cent by 2007 from a paltry 0.67 per cent now.

The move was part of its new five-year trade plan. The government has also promised to lessen some of India's notorious red tape for exporters.

But analysts said it would not immediately translate into rapid export gains.

"The measures announced on Sunday are for promoting exports from special economic zones and push agricultural exports. It will take a long time," Panandikar said.

He said that, to boost agricultural exports, the government needs to shore up its creaking infrastructure. "Export growth in 2002/03 will also remain weak," Panandikar added.

The government has refused to set an export target for the year ending in March 2003 because of uncertainty in most major global economies.

US flexes manufacturing muscle

AFP, *Washington*

The US economy flexed its newfound manufacturing muscle in March as new orders leapt to the highest level in more than 15 years, a key industry survey showed Monday.

The Institute for Supply Management (ISM) purchasing managers index -- a closely watched barometer of manufacturing -- rose 0.9 points in March to 55.6, the highest level since February 2000.

The new orders index climbed 2.5 points to 62.8, a level last reached in October 1986.

"It is the clearest piece of evidence that the economy is out of recession," Wachovia Securities economist Mark Vitner said.

"The strength is so broad based and so plainly visible that it is undeniable."

The news capped a recent avalanche of bullish data, including robust consumer spending, which has led economists to tear up cautious forecasts for the economy after the September 11 terrorist shock.

It helped haul Wall Street off its lows.

After slumping more than 100 points early in the day, the blue-chip Dow Jones industrials index closed just 41.24 points, or 0.4 per cent, lower at 10,362.70.

"The March report certainly validates the turnaround for manufacturing," ISM survey chief Norbert Ore said in a statement.

It was the second consecutive monthly improvement in the index after an 18-month slump during which manufacturers shed about 1.2 million full-time and 600,000 part-time jobs.

"Overall growth for the first quarter is stronger than predicted and capable of providing a basis for continuing recovery in the second quarter," Ore said.

The economy had benefitted from low energy prices, lower interest rates and low stockpiles, Ore said. But energy prices appeared to be rising, inventories had dwindled and interest rates were now set to rise, he cautioned.

"Ultimately consumers will need to reestablish themselves as the major driver (of the economy)," Ore said.

Among other key ISM findings, the employment index rose 3.7 points to 47.5, showing a slower decline in factory jobs.

The survey's 50-point mark is the dividing point between contraction and expansion in activity.

The production index declined 3.4 points to 57.8.

Manufacturers welcomed the overall improvement in the numbers.

"Today's ISM report is good news for manufacturers," said Manufacturers Alliance president and chief executive Thomas Duesterberg.