

Exports set to see fair growth this fiscal

STAR BUSINESS REPORT

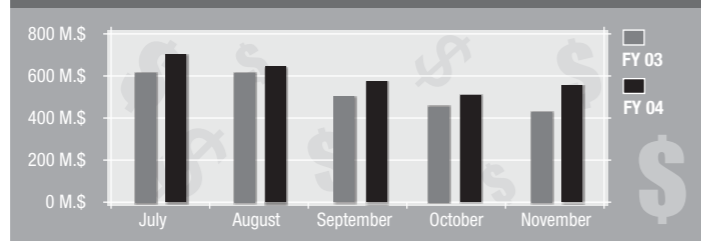
With a US\$350 million growth in just five months, it seems that the export sector is set to see a satisfactory gain in the current fiscal.

Like previous years, export depends on knitwear and woven garments. Besides, textile fabrics, home textile, engineering products emerged as significant contributors to the overall performance.

Export fetched \$2974 million during July-November period of FY04, up by 13.2 per cent from last fiscal's same period. The volume rose by 14.6 per cent while the price dipped by 1.4 per cent in the first five months.

In the first five months of FY04, knitwear saw an impressive 22.99 per cent growth, woven garments 10.63 per cent, frozen food 10.35 per cent, tea 23 per cent, engineering products 1208 per cent, ceramic tableware 35.2 per cent, footwear 38.96 per cent and home textile 55.46 per cent from last fiscal's same period.

Export income during July-November of FY04 & FY03



"Export is gradually peaking up. This is for the first time that we have been able to cross the monthly target in November after many months. Earning in November was \$558.19 million, which was \$118.61 million higher from the same month of last fiscal," said Towfique Khan Majles, statistics and research director of the Export Promotion Bureau.

Export performed very well in the first five months of FY04 in compared to the same five months of FY03. In all these months,

exports saw month-on-month gradual growth, he mentioned.

"We are doing very well in some markets including Canada which has given us duty and quota free access. Export will increase there in the coming months," said Qazi Moniruzzaman, president of Bangladesh Garment Manufacturers and Exporters Association (BGMEA).

"The big exporters are gradually shifting to high value products. I think export will perform better in the months coming," he observed.

Woven and knitwear products contributed more than 75 per cent to the total export income in the first five months of the FY04.

During July-November period of FY04, woven exports fetched \$1357.24 million, up by more than \$130.8 million from last fiscal's same period.

Knitwear worth \$865.84 million was exported in the July-November period, which was round \$162 million higher from last fiscal's same period.

"As capital machinery and industrial raw materials imports have gone up in the recent months, rising trend in exports will not suffer at least in the next few months," said a central bank official.

Capital machinery import rose by 49 per cent in the first quarter of FY04 while the growth was only 4.5 per cent in FY03 and industrial raw materials import went up by 27 per cent during July-September of FY04, according to a Bangladesh Bank statistics.

Prime Bank transacts govt bond with Delta Life Ins

Prime Bank Limited in its capacity as a primary dealer (PD) has concluded the first-ever secondary market transaction in government treasury bond with Delta Life Insurance Company Limited.

Prime Bank Limited sold to Delta Life bonds of 5-year tenor having face value of Tk 10 crore, says a press release.

Managing Director of the bank Shah Md Nurul Alam said the bank so far carried out transactions having cumulative value of more than Tk 3,000 crore in the form of Repo/Reverse Repo and Buy-Sell of treasury bills and bonds after the market had been activated in mid-2003.

New managing director of TMIB



Md Nasir Baharom recently took over as the managing director of TM International (Bangladesh) Ltd, service provider of AKTEL cellular phone in Bangladesh.

Before taking up the new assignment, he worked as the CEO of Telekom Networks Malawi Ltd, another joint venture project of Telekom Malaysia International Ltd, says a press release.

Baharom, who began his career with Telekom Malaysia in early eighties, also worked as the general manager (marketing) of TMIB from the day of its inception in 1997 to 1999.

S'pore Airlines launches new year package

Singapore Airlines (SIA) has launched a new year package.

The package features 10 destinations, with Singapore being offered at a price of US\$340. Among the destinations offered, special 3 days/2 nights packages are available for Singapore, Bangkok, Kuala Lumpur and Bali, says a press release.

Travelers can take up these special packages by adding up another US\$36 for Singapore, US\$35 for Bangkok, US\$41 for Kuala Lumpur and Bali to the respective air fares. The package also includes complimentary airport transfers and daily breakfast.

The package will be available from January 1 to March 31, 2004.

Singapore Airlines operates five flights a week from Dhaka to Singapore with Boeing 777 airplanes. SIA flies to more than 66 cities in 36 countries with a fleet of 90 aircraft.

Doyal Agro to produce 20,000 tons of maize in April '04

Doyal Agro Complex Ltd, an Agro-based Industries and Technology Development Project (ATDP) client, is expected to produce over 20,000 tons of maize in April 2004 through its 1500 contracted farmers.

The farmers of Patgram and Hatibandha area under Lalmonirhat will receive loans from National Credit and Commerce Bank Limited to produce maize on 5000 acres, says a press release.

ATDP, a USAID funded government project, will help Doyal Agro to get the loan from the bank.

According to the contract, Doyal will buy 10,000 tons of maize directly from the farmers to solve the farmers' marketing problem and ensure a competitive price for their products.

In Bangladesh, the annual demand for Maize, a key raw material for poultry feed, is about 800,000 tones while the country produces only 200,000 tones.

Dhaka int'l trade fair kicks off today

20 countries to participate

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The 10th version of the Dhaka International Trade Fair (DITF) begins today with some 20 countries including host Bangladesh displaying their products.

Prime Minister Khaleda Zia is scheduled to inaugurate the fair, organised by the Export Promotion Bureau (EPB) in co-operation with the Ministry of Commerce.

Thailand has been allocated a 75-square-foot pavilion at the exposition ground as the country has been selected partner country of the DITF-2004. China was the partner country last year.

A total of 404 foreign and local stalls, pavilions and mini pavilions have been installed at the month-long DITF-2004 venue at Sher-e-Bangla Nagar in Dhaka, EPB sources said.

Of the 404 outlets, 38 are pavilions, 54 mini pavilions and 312 stalls.

EPB officials said 10 premier pavilions, 14 premier mini pavilions and 35 premier stalls have been allocated to local participants at some important and convenient places of the fair ground.

EPB officials said the exhibition will showcase a wide range of local and foreign products including machinery, equipment and materials for agriculture and gardening, carpet, chemical and allied products, cosmetics, dairy products, electrical and electronic items, food and groceries, gift items, handicrafts, home appliances, leather, leather goods and footwear, sports gear, sanitary ware, textile and garments, toys and stationery, watches and clocks, jewelry, ceramics, melamine, car and plastic products.

The countries taking part in the fair include the US, Germany, Japan, Canada, China, Egypt, France, Hong Kong, India, Switzerland, Iran, Italy, Malaysia, Pakistan, Russia, Singapore, South Korea, Thailand, the UAE and host Bangladesh.

The exposition will remain open to visitors everyday from 10am to 9pm on weekdays and from 10am to 10pm on holidays.

Like the previous year, the price of entry-ticket has been fixed at Tk 10 for adults and Tk 5 for minors. There will be no entry fee for children aged at two and below.

Jute Spinners Ltd okays 15pc dividend

UNB, Dhaka

The Jute Spinners Ltd has declared a 15 percent dividend for its shareholders for the year 2002-2003, says a press release.

The dividend was declared at the 24th annual general meeting of the company held yesterday at the CIRDA auditorium. Muhammad Shams-ul-Haque, chairman and managing director of the company, presided over the meeting.

Directors Muhammad Shams-ul-Huda and Muhammad Shams-us-Zoha, Executive Director Faizur Rahman Chowdhury and Company Secretary and Chief Accountant Md Toffazzal Hossain Bhuiyan and a number of share holders were present at the AGM.

The AGM approved the annual audited report for the year 2002-2003 and appointed new auditor for the next financial year.

The chairman informed the shareholders that the company earned Tk 32.93 lakh as net profit by exporting jute yarn during the financial year.

He also said that the Jute Spinners Ltd earned a position of respect in the world jute market due to the high quality of its products and overall excellent services.

Exporters face challenges in 2004

Lead-time reduction, cost cut must for survival

MONJUR MAHMUD

As multi-fibre arrangement (MFA) phases out after December 2004, reducing lead-time and cutting costs including port, bank and utility charges will be the key challenges for Bangladesh's garment sector to survive in the quota-free era.

In the face of a frustrating progress in export diversification programmes over the years, the main concern for Bangladesh in the coming years will be how efficiently these issues are handled, exporters think as the crucial 2004 began.

Export performance is still heavily dependent on the readymade garment (RMG) with 75 per cent of the total US\$6548 million earnings coming from this sector -- \$3258 million (50 per cent) from woven and \$1654 million (25 per cent) from knitwear last year.

"Earlier, buyers used to give us 120 days time for delivery but now they want goods in 40 to 45 days. So we can't waste time and afford to take seven to 10 days turnaround time for feeder vessels in Chittagong Port," said Kutubuddin Ahmed, former president of the Bangladesh Garment Manufacturers & Exporters Association (BGMEA).

Shipping time has become a big factor now. There is no option but to improve port facilities and cut operational costs, he suggested. "The post-MFA scenario largely depends on how we manage the total costs and lead-time issues."

Turnaround time of feeder vessels in Chittagong Port is now seven to 10 days while it is two days in Bangkok and one day in Singapore.

Moreover, the cost of handling is also exorbitant. Handling of a container in Bangladeshi ports

costs US\$ 600, but neighbouring ports handle it for \$150 to \$300.

According to a study, maritime transport costs account for 14 per cent of the cost of Bangladeshi textile exports to the US, compared to less than eight per cent for countries like India, Thailand, China and Taiwan.

Quazi Moniruzzaman, president of BGMEA said the first disadvantage for Bangladeshi exporters is that it is not a cotton growing country.

Besides, production cost is going up substantially due to the compliance issues. The requirements like having firefighting equipment and exit system, adequate toilets, ventilation, baby care facilities for workers are increasingly being imposed by the buyers.

"Our bank interest and charges, right from letters of credit opening to document negotiation, are very high. Besides, we pay more for

electricity, phone, generators which reduces our competitive edge in global market," he felt.

Dr Mustafizur Rahman, research director of the Centre for Policy Dialogue (CPD), an independent think-tank, said the present export growth mostly came from rise in volume, not the value of products. This will make things difficult in the longer term.

Product diversification and increasing the capacity to produce higher value products within the RMG sector and light engineering, pharmaceutical, leather and agro-based sector will be major issues, he felt.

"Market will see a restructuring after the MFA phase out. Getting orders will depend on price. Since we are competitive in certain categories, a quota-free regime will help increase export in these categories," he observed.

Eviction drive at Tongi garment waste village

Traders seek protective measures for business

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As the government is planning another eviction drive at the 'garments waste village' in Tongi, local traders yesterday demanded protective measures for their business.

Bangladesh Useable Cotton Merchants Association (BUCMA) at a press conference in Dhaka urged the government not to evict them from Tongi without providing them with suitable and alternative place for continuing their business.

Rajdhani Unnayan Katripakkha (Rajuk) conducted an eviction drive on December 14 and demol-

ished over 500 shops of garment factory wastes, locally known as 'jhut', at Tongi. The authority has decided to evict the remaining shops shortly.

Some 1,200 workers, most of them women, have already become jobless due to the eviction drive and several thousand others will lose jobs if the remaining 3,500 shops are evicted, BUCMA President Abdul Latif said.

He also announced a series of programmes to realise their demand and prevent the government from conducting the second eviction drive.

The association will lay siege on Tongi Municipality on January 4,

hold protest rally at Tongi on January 5 and submit a memorandum to deputy commissioner of Gazipur on January 7 before staging similar demonstrations in Dhaka.

The BUCMA president said they are contributing to the economy by exporting a kind of cotton, made from garment wastes, for using in mattress, pillow and quilt. The wastes are processed in local technology to produce the cotton.

"We are exporting this product to Nepal, Bhutan and India," Latif said adding that the disruption in production caused by the eviction would create problems for the exporters to meet the export deadline.

US acts to strengthen mad cow regulations

REUTERS, Washington

The US government said on Tuesday it was moving immediately to tighten oversight of the \$27 billion cattle industry and boost consumer confidence after the first case of mad cow disease in the United States.

The moves -- some now endorsed by a once-reluctant industry that is still reeling from the sudden loss of a \$3 billion a year beef export market -- came after a fourth straight day of sharply lower cattle prices in US markets.

The USDA is investigating the cause of the first US case of mad cow disease, also known as bovine

spongiform encephalopathy (BSE). The USDA announced on Dec. 23 that the disease was found in a Holstein dairy cow in Washington state.

Agriculture Secretary Ann Veneman told a press conference that the US government is immediately banning downer cattle -- animals unable to walk on their own at the slaughter plant -- from being used as food for humans.

"The actions we are taking are steps to enact additional safeguards to protect the public health," she said.

As a precaution, Veneman said, processors would be barred from

using the brains, eyes and small intestine of older cattle in human food. Another new regulation seeks to keep spinal tissue out of meat products via meat recovery systems that scrape tiny bits of meat off carcasses.

The USDA will work to create an identification system for tracing animals and create an international panel of scientists to review the department response to the mad cow case.

"This is a rational response to a situation that has now reached a new plane," said Bob Price, president of North America Risk Management Services, a livestock consultancy in Chicago.



Akhtar Sohail Kasem

New president of ICAB

Akhtar Sohail Kasem, managing partner of A Qasem & Co, has been elected president of the Institute of Chartered Accountants of Bangladesh (ICAB) for the year 2004 by the Council-ICAB-2004.

Kasem has been serving the Council of the ICAB since 1994. He was elected vice-president of ICAB in 2001, says a press release.

Showkat Hossain, partner of Hoda Vasi Chowdhury & Co, Chitta Ranjan Mazumder, partner of Shaiba Mazumder & Co, and Nasir Uddin Ahmed, Finance Director of Coats Bangladesh Ltd, were elected vice-presidents of the Institute for the year 2004.

Gold price hits highest since 1996

AFP, London

Gold prices rose to a new near-eight year high in London on Wednesday as the continued weakness of the dollar, coupled with fears over terrorism, pushed the metal ever higher.

On the London Bullion Market the price of an ounce of gold stood at 417.25 at the morning fixing, up from 416.25 dollars on Tuesday.

It is the highest price since early February 1996, when gold rose to 417.70 dollars.