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Chinese dominance threatens apparel exporters

SARWAR A CHOWDHURY

China has emerged as the biggest threat for Bangladesh and other apparel exporting countries as its domination of the world's textile market is heading towards an unsurmountable height with the abolition of export quotas next January.

At the current growth rate China is expected to claim 75 percent market share in the US, a key market of the world's textile and apparel arena, in the quota-free regime, according to a study of a US-based coalition of trade bodies.

While quotas are still in effect, Chinese market share in the US has increased by 794 percent over the past 27 months, says the study report titled 'The China Threat to World Textile and Apparel Trade' of the National Council of Trade Organisations (NCTO).

China had only nine percent share in the expanding US textile market in 2001, which rose to 65 percent in March this year, the NCTO report says, threatening the

other major apparel exporters including Bangladesh and India.

Bangladesh's apparel export to the US market declined from seven percent in 2001 to only two percent by the end of March 2004, shows the NCTO market analysis.

NCTO presented the paper at the World Summit on Fair Trade in Clothing and Textiles in Brussels last month. Textile and clothing associations from 47 countries attended the summit to find out ways to face the post-2004 challenges.

China is constantly capturing significant amounts of market share from every major competitor such as Bangladesh, Mexico, the Caribbean nations, Turkey, the Philippines and Pakistan. India however managed to maintain a three percent market share.

Bangladesh is gradually losing its market share in 29 categories in the US market after abolition of quotas for these categories.

According to NCTO statistics for 2001 to March 2004, a total of 31 countries suffered 75 to 100 percent

loss of market share, 40 countries suffered 50-74 percent decline and 17 others suffered 25-49 percent loss of market share.

In terms of volume China's shipment increased by 915 million square metres while India's shipment rose by five million square metres.

At the same time, Bangladesh lost 34 million square metres in apparel export of 29 categories. The other major losers are Mexico (42 million square metres), Thailand (37 million square metres) and the Philippines (30 million square metres).

Besides, Bangladesh and other apparel exporting countries are also lagging behind China in offering prices for most of the categories as China's prices declined by 48 percent after quotas were removed on those items.

China's export prices fell from an average of \$6.23 per square metre in 2001 to \$3.12 at the end of March 2004, according to NCTO.

Although the market share of

these 29 categories is not big in the total ready made garment (RMG) export of Bangladesh, exporters observed the trend is alarming not only for Bangladesh but also for other countries in the world.

Bangladesh Garment Manufacturers & Exporters' Association (BGMEA) President Anisul Huq told The Daily Star that China is really a big threat for Bangladesh.

"But we can compete with China if our Chittagong port efficiency is increased, rules of origin is eased, central bonded ware houses are set up and yarn import through Benapole land port is allowed," he said.

"If the government takes initiatives in this regard, we can not only face the Chinese but can also increase our export volume," the BGMEA leader said.

Fazlul Hoque, president of Bangladesh Knitwear Manufacturers and Exporters Association (BKMEA), feared that Bangladesh has already lost 15 to

100 percent market share in 29 categories in the US market.

He however alleged that China is dominating the world market especially the US through 'foul play'. "In the Brussels summit we called for an emergency WTO meeting to find out ways to control the Chinese foul play as well as to face the challenges of quota free regime," Hoque said while talking to The Daily Star.

The WTO meeting could allow an extension of the quota system or develop a new system or devise other mechanisms to face the challenges, the BKMEA chief said.

"We are capable of facing the challenges of post-MFA (multi-fibre arrangement) era, but our fear is Chinese control in the world textile and clothing trade," he said.

However, the NCTO analysis found that more than 650,000 textile and apparel jobs in the US will also be lost after this year as China is quickly coming to dominate the US market.



New chairman of Prime Finance

Md Nader Khan, chairman of Pedrollo Group of Companies, has been elected chairman of Prime Finance & Investment Limited, a multi-product non-banking financial institution, says a press release.

Khan built up a good number of business entities covering water management, bank, finance, insurance, trading, manufacturing, securities, information technology and health services.

Prime Finance is engaged in lease finance, term finance, bridge finance, corporate finance services, loan syndication, managing public issues, underwriting of shares and portfolio management.

QC Container launches service in Dubai

QC Container Line Limited has launched its service in Dubai.

Managing Director of the company Jamal Uddin Quader Chowdhury inaugurated the service in Dubai on Sunday, says a press release.

QC is a conglomerate of shipping companies with its headquarters in Dhaka. The company has operations in Singapore and Malaysia.

Asif Abbas Chouguley has been appointed the owners' representative and U-Freight Middle East, Dubai, the agent of QC.

Biman poultry complex earns Tk 1.42cr profit

BSS, Sangaul Bhaban

Bangladesh Biman Poultry Complex made a net profit of Tk 1.42 crore during 2003-04 fiscal year, State Minister for Civil Aviation and Tourism Mir Mohammad Nasir Uddin told the Jatiya Sangsad yesterday.

Replying to a question from Delwar Hossain Khan Dulu, he said Biman earned Tk 8.46 crore from the poultry complex during the year.

Responding to another question, the state minister said Biman's fare in the domestic routes was increased ten times since 1972.

IBBL opens new branch at Santhia

Islami Bank Bangladesh Limited (IBBL) opened a branch at Santhia in Pabna district on Saturday.

Industries Minister Motiur Rahman Nizami inaugurated the branch, says a press release.

With this, the total number of branches of the bank stands at 142, says a press release.

Nazir Ahmed, vice chairman of the bank, presided over the inaugural function.

Remittance from KL halves in past 5 yrs

STAR BUSINESS REPORT

Remittance earnings from Malaysia declined by more than 50 percent in half a decade with no new recruitment of Bangladeshi workers in the Southeast Asian country over the last seven years.

Bangladesh received US\$33.51 million in remittance in 2003, which was \$71.28 million in 1998. The highest \$72.70 million remittance came from Malaysia in the year 1996, sources said.

The number of Bangladeshi workers in Malaysia also declined to only 1.13 lakh now from over half a million in the mid 90s.

Malaysia stopped recruiting fresh workers from Bangladesh in 1997

following huge influx of undocumented workers.

As recruitment of Bangladeshi workers in Malaysia did not resume despite continuous diplomatic efforts, the government is going to take a fresh initiative for resumption of manpower export to Malaysia.

The delegation headed by Nazir Hossain, chairman of the parliamentary standing committee on expatriate, welfare and overseas employment ministry, will visit Malaysia in the second week of this month.

The team will meet high officials of the Malaysian government to pursue fresh recruitment of Bangladeshi workers.

Chairman of Bangladesh Association of International

Recruitment Agencies (Baira) Mosharrif Hossain MP and general secretary Ali Haider Chowdhury will also be the delegation.

Bangladesh and Malaysia signed an agreement in October last year for fresh recruitment of workers from Bangladesh. But due to internal political development in Malaysia, the recruitment did not resume, sources said.

A large number of undocumented Bangladeshi workers returned in 2002 as the Malaysian government started a crackdown on illegal workers.

Kuala Lumpur, however, extended the job tenure of over one lakh Bangladeshi workers for another five years.

Hong Kong textile firms see gains from quota scrapping

REUTERS, Hong Kong

As the world textile industry gears up for the abolition of export quotas in January, Hong Kong firms are expanding, seeking to capitalise on an expected shift in global textile manufacturing to China from other low-cost centres.

Hong Kong's textile industry has seen a shake-out in recent decades as production moved to China and countries such as Bangladesh and Cambodia, squeezing the territory's global market share from 20 per cent a decade ago to under 10 per cent.

But local companies have survived by setting up factories in mainland China and creating a niche in Hong Kong in supply chain management and high-end production. They believe an open market place will be to their advantage.

"The quota system has skewed the textile trade for ... years by giving preferential treatment to countries with no regard for their production capability," said Andrew Leung, chairman of the Textile Council of Hong Kong.

"Now Hong Kong companies will be able to truly compete on price, performance and quality without worrying about quota availability."

Under the 1974 global Multi-Fibre Agreement, developing nations were given quotas for textile and clothing exports to North America and Europe, aiming to help pull such countries out of poverty.

In 1994, the US and other World Trade Organisation members (then known as the General Agreement on Tariffs and Trade) agreed to eliminate quotas among WTO members by January 2005. China has since joined the WTO and so its quotas expire next year.

Leung's company, Sun Hing Knitting Factory Ltd., which produces knitwear for French designer Sonia Rykiel and Marks & Spencer Plc., is investing US\$2.5 million this year to expand production capacity by 25 per cent in China and Hong Kong.

The territory's textile exports totalled US\$36 billion last year, about 16 per cent of its total exports. This year, garment shipments were 11

per cent higher in the first quarter than a year ago and should accelerate next year, analysts said.

The scope to expand in China is huge: under quotas, the mainland is restricted to exporting around 250,000 dozen cotton shirts a year to the United States, while Bangladesh exports about seven million dozen, according to the Textile Council.

Luen Thai Holdings Ltd. the territory's biggest garment maker with clients like Polo Ralph Lauren Corp. will use proceeds from listing on the stock exchange this month to fund new factories in China. It has also formed a joint venture with Hong Kong-based Yue Yuen Industrial Holdings Ltd, the world's largest athletic shoe maker, to make sports apparel.

The transition to a quota-free system will not be easy.

Under WTO rules, the United States and Europe can impose "anti-surge" quotas until end-2008, curbing annual import growth from a country to 7.5 per cent per product category if they feel their domestic industry is being disrupted.

Annual fruit, vegetable export earnings can fetch Tk 1,000cr

UNB, Dhaka

The country's 350 listed fruit and vegetable exporters earn over Tk 300 crore annually and the export earnings can be raised to Tk 1,000 crore.

This was stated by the exporters in a meeting with Commerce Minister Altaf Hossain Chowdhury at his ministry yesterday.

An eight-member delegation of the Bangladesh Fruit, Vegetable and Allied Product Exporters Association met with the minister.

They sought necessary steps and assistance for increasing exports from the farm sector.

The minister said the government would give "all possible assistance" to the vegetable exporters.

Mentioning this export sector as a thrust sector, he assured that effective steps would be taken to provide the vegetable exporters the government-announced 30 cash incentives.

Among others, President of the association M Fariduddin Ahmed and General Secretary SM Jahangir Hossain were present at the meeting.

Unocal supports Brac's rural IT project in Moulvibazar

Unocal Bangladesh Limited has extended its support to Brac's Rural Information Technology Project in Moulvibazar district.

Andrew L Fawthrop, president and managing director of Unocal Bangladesh, formally handed over a cheque for \$ 30,000 to Fazle Hasan Abed, founder and executive director of Brac, says a press release.

With the fund, eight union libraries in Moulvibazar will be equipped with computers along with different types of educational software and CDs. Children, adolescents, students and rural people will get the opportunity of computer training from these libraries.

The fund will also support a multimedia projector and a laptop, which will be used to create social awareness about health, education and environment in Moulvibazar.

Southeast Bank extends Tk 50m credit to Vanik Bangladesh

Southeast Bank Limited (SBL) has extended Tk 50 million second credit line to Vanik Bangladesh Limited (VBL) to finance its business activities.

A credit line agreement to this effect was signed between the two organisations recently in Dhaka, says a press release.

Syed Abu Naser Bukhtear Ahmed, president and managing director of Southeast Bank, and Sayyed Husain Jamal, managing director of Vanik Bangladesh, signed the agreement on behalf of their organisations.

Syed Imtiaz Hasib, deputy managing director of SBL, AKM Anwarul Kabir, senior vice president and company secretary of VBL, and other high officials of both the organisations were present.

New hygiene technology for food processing plants

STAR BUSINESS REPORT

A local company yesterday introduced a device in Bangladesh market that will help food processing industries keep their production areas bacteria-free.

"The new device can help local shrimp processing industries achieve international standard," said M Haider Uzzaman, chairman of IPSSL Group, the machine importer.

The country can double its export earnings from frozen shrimp sector if the international standards are properly complied with, he said.

According to Export Promotion Bureau (EPB), Bangladesh earned US\$ 297,044,000 from shrimp export and \$24,766,000 from frozen fish export in 2002-03.

IPSSL imported the technology from Denmark-based Quality Hygiene ApS that disinfects the processing area and its surroundings.

"The machine can also be used in pharmaceutical industries, beverage and juice manufacturing industries," Haider Uzzaman said.

Speaking at the launching ceremony, Fisheries and Livestock Minister Abdullah Al Noman urged frozen food exporters to ensure

quality of products.

"A US team will visit Bangladesh in September this year to inspect the quality of exported items," Noman said.

The minister said the government has taken initiatives to ensure quality of frozen foods. He sought private sector's help in this regard.

According to Bangladesh Frozen Food Exporters' Association, Bangladesh's share in frozen food export is about 2 percent in the world market.

Emirates starts new service to Australia-NZ

Emirates launched its Dubai-Melbourne-Christchurch service on Thursday.

The airline is operating three flights a week departing Dubai on Tuesdays, Thursdays and Saturdays. The return flights depart Christchurch on Wednesdays, Fridays and Sundays.

The Australia-NZ service will be double from August 16 operating Mondays through Saturdays, says a press release.

Rakub earns Tk 17cr profit in 2003-04

BSS, Rajshahi

Rajshahi Krishi Unnayan Bank (Rakub) earned Tk 17.12 crore operational profit in the just-ended financial year 2003-04.

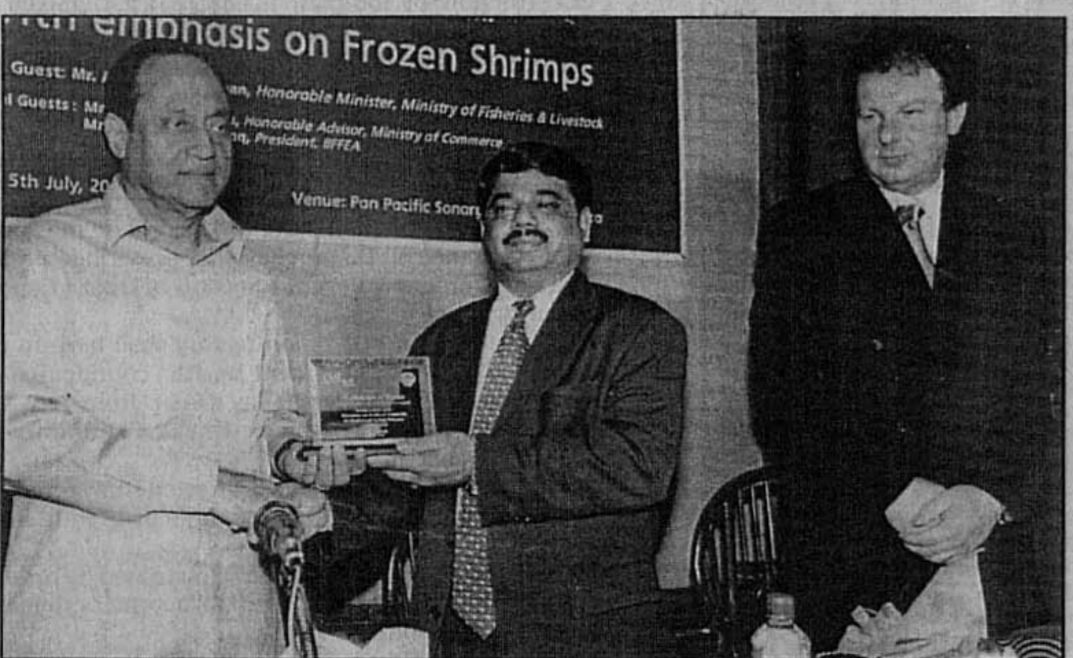
The bank recovered classified loans of Tk 115 crore during the year, which is 102 percent of its target and also the highest amount of bad loan recovery since introduction of Financial Sector Reform Programme in Bangladesh.

The amounts of total recovery and disbursement in FY 2003-04 were Tk 627 crore and 677 crore, which also crossed the targets by 104 and 113 percent.

Rakub earned Tk 18 crore operational profit in 2002-03 fiscal year.

The state-run specialised agricultural bank operating through some 350 branches in 16 districts under Rajshahi division started earning profit since FY 1999-2000.

The bank has been providing loan facilities to some 101 development and potential sub-sectors including seed production, tea and rubber plantation, commercial agricultural fruit and vegetable production, agro-based industry, poultry dairy, fish and prawn farms and animal and fish feed factory.



M Haider Uzzaman (centre), chairman of IPSSL Group, hands over a crest to Fisheries and Livestock Minister **Abdullah Al Noman** at a function in Dhaka yesterday marking the launch of a new device that will help keep food and fish processing plants bacteria-free.

BIMAN BANGLADESH AIRLINES

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BANGLADESH BIMAN CORPORATION

RE-TENDER NOTICE

No: DACPM/99/2004 Dated: 04 July 2004

DRY LEASE/DRY LEASE WITH OPTION TO PURCHASE/ PURCHASE OF TWO USED DC 10-30 AIRCRAFT

- Bangladesh Biman Corporation invites offers for Dry Lease/Dry Lease with Option to Purchase/Purchase of two used DC 10-30 Aircraft. Lease period will be 36 (thirty-six) months. Detailed terms and conditions are given in the tender schedule.
- Airlines/Operators/Owners of Aircraft/Leasing Companies having aircraft of their own can only participate in the tender. Bangladesh Biman Corporation will not deal with any Agent/Broker during the process of evaluation and finalization of contract.
- Basic requirement of the aircraft as per the tender schedule will be as under:
 - Year of manufacture : Must not be earlier than 1978.
 - Configuration : 30 Business Class (minimum), 244 Economy Class (minimum), Total 274 Seats (minimum).
 - Engine : GE CF6-50C2
- Bidders will be required to submit their technical and financial offers in a single envelope addressed to the General Manager (Planning), Bangladesh Biman Corporation, Head Office, Balaka, Kurmitola, Dhaka-1229, Bangladesh latest by 1200 hours BST (0600 hours UTC) on or before 05 August 2004 and same will be opened immediately after the closing time in presence of bidders (if any). If the closing day is declared as public holiday, then the offers will be opened in the next working day at the same time and venue.
- Tender schedule containing detailed specification and terms & conditions will be available at Cash & Banking Section of Biman Head Office, Balaka, Kurmitola, Dhaka and from Biman's overseas offices at New York, London, Paris, Frankfurt, Rome, Amsterdam, Dubai, Jeddah, Delhi, Mumbai, Karachi, Bangkok, Singapore, Kuala Lumpur and Hong Kong on all working days during office hours from 10 July 2004 on payment of US dollar 100.00 (one hundred) or equivalent (non-refundable) for each tender schedule. Cost of tender schedule in Bangladesh will be BDT 6,000.00 (six thousand) only (non-refundable).
- Contents of tender notice and tender schedule can be viewed at Biman's Web-site: www.bimanair.com
- Bangladesh Biman Corporation reserves the right to accept or reject any or all the offer(s) partly or wholly at any time and/or stage without assigning any reason whatsoever and no claim shall be acceptable in this regard.

GD-403 **General Manager (Planning)**