

QUOTA-FREE REGIME

# Woven garment exports dip \$50m in first 3 months

MONJUR MAHMUD

Export earning from woven garments decreased by \$50.87 million or 5.6 percent during January-March period of this year – the first three months of the quota-free regime.

According to the Export Promotion Bureau (EPB) statistics, earning from woven garments was \$853.21 million during January-March period of 2005, which was \$904.08 million during the same period of last year.

Bangladesh's exports felt the initial shock of the quota phaseout in January 2005, with earnings from woven garments falling by 21 percent compared to January 2004. The income rose 31 percent in February but again fell by 13 percent in March.

However, knitwear exports rose to 648.96 million during January-March of 2005 from \$468 million during the same period of last year,

Woven exports during Jan-March of 04 & 05			
	2004	2005	Growth
January	376.61	296.07	-21.38%
February	222.90	292.92	+ 31.41%
March	304.57	264.22	- 13.24%
Total	904.08	853.21	- 5.6%

STAR GRAPHICS

registering a 38.64 percent increase.

Bangladesh Garment Manufacturers and Exporters Association (BGMEA) apprehends a sharp fall in woven exports in the coming months as the utilisation declaration (UD) is now dipping by around 30 percent.

"We are observing roughly 30 percent decline in the UD for the woven products," Annisul Huq, president of BGMEA, told The Daily

Star.

The contribution of readymade garment products – both woven and knitwear – was 77.55 percent in the total export earnings of \$6097 million during July-March period of the current financial year and the share of woven products was 44 percent.

"We are facing stiff competition in woven products in both the European Union and the US markets from January this year. Exports

in the Canadian market has increased but it could not offset the total fall," said Professor Mustafizur Rahman, research director of the Centre for Policy Dialogue (CPD).

Bangladesh's woven products are not getting generalised system of preference (GSP) facility in the EU market because of the stringent rules of origin, which is a constraint in accessing zero tariff facility there, he observed.

He stressed the need for domestic capacity building in backward and forward linkage industries to face the challenges of quota-free regime. "Bangladesh will remain major supplier in lower-end products though it is facing tough competition in some categories."

Overall exports, however, saw a 12.47 percent growth in the first nine months (July 2004 – March 2005) of the current financial year. The target for the 2004-05 fiscal year has been set at \$8,565 million.

## Midas Financing chairman re-elected

Md Ikramullah was re-elected chairman of Midas Financing Ltd for a term of another two years.

A meeting of the company's Board of Directors held recently re-elected him chairman of the company, says a press release.

Other Board members along with Managing Director of the company Md Abdur Rashid Gazi were present at the meeting.

## DHL named best express operator for 19th consecutive year

DHL, a leading global express and logistics company, has been named best express operator for the 19th consecutive year, reflecting the company's market leadership and service excellence in air express offerings in Asia Pacific.

Besides, DHL clinched the best third party logistics (3PL) provider accolade for the first time in recognition of the company's expertise in supply chain management, says a press release.

The accolades, which were bestowed recently in Hong Kong at the 2005 Asian Freight & Supply Chain Award organised by Cargonews Asia, a freight industry newspaper in the region, follow a series of recent DHL initiatives to strengthen and optimise service offerings in the Asia Pacific to tap growth opportunities.

## Wintel now distributor of Thomson products

Wintel Limited, a leading Information and Communication Technology company, has signed an agreement with French electronics and mobile phone company Thomson to distribute its products in Bangladesh.

Faisal Alim, managing director of Wintel Ltd, and Saeed Raja, director of Mobiz Ltd, authorised reseller of Thomson, signed the deal on behalf of their companies, says a press release.

Wintel is the distributor of world-renowned DBTel and Amoisonic mobile phone and supplying to Grameen Phone and AKTel. It is also the sole distributor of electronic giant Vtech.

ATM Mahbubul Alam, executive director of Wintel, KM Obaidul Haque and Ambirina Bashir, deputy general managers of Wintel, and Naila Raja of Mobiz were present at the signing ceremony.

## Executive of German co visits RMG units

Reiner Schmidt, executive of Groz-Beckert Kg, Albstadt, Germany, recently visited some readymade garment units in Bangladesh to discuss the quality of industrial sewing machine needles produced by his company.

During his visit, Schmidt discussed how the sewing machine needles can help customers improve quality and productivity. Needle applications, point styles, special applications, prevention of damages to fabrics and threads were also discussed.

Engineer Salim Hossain and Syed Mainul Islam of local distribution partner Cosmotrade Associates assisted Reiner Schmidt in his marketing efforts here.

## EU ministers agree on small tax on air travel for dev aid

AFP, Luxembourg

EU finance ministers emerged from a meeting here Saturday with an agreement in principle for a small tax on airplane tickets to fund development aid that would be voluntary or obligatory depending on the country.

"This contribution could be one or two euros at the departure of flights," Belgian Finance Minister Didier Reynders said after the meeting.

The tax would be compulsory in some countries such as Belgium, France and Germany while other countries such as Malta, Cyprus and Ireland would give passengers the choice of paying the tax.

# Lawmakers irked for not being involved in PRSP drafting phase

BDNEWS, Dhaka

Lawmakers yesterday expressed their dissatisfaction for not involving them in the drafting phase of the Poverty Reduction Strategy Paper (PRSP), a strategy document to alleviate poverty.

"So far my knowledge goes, none of the MPs were consulted or called in the meeting during the preparation of the PRSP draft," said Abdul Alim MP, chairman of the parliamentary standing committee on the public undertakings, replying to a query of the participant MPs at a workshop on the PRSP.

The workshop on "Poverty Reduction Strategy Papers: the Parliamentarians Perspective" was organised by the Strengthening the Parliamentary Democracy project of United Nations Development Programme (UNDP) and the Parliament of Bangladesh to obtain the views of the lawmakers.

While the officials of the planning commission said they have sent the

draft copy of the PRSP document by the end of December 2004 to all the members of the parliament, the lawmakers denied receiving such papers.

Against this backdrop, the floor discussion session of the workshop to be participated by the MPs was postponed and fresh date has been fixed for the discussion on May 17 at Sheraton Hotel.

Some 39 MPs of ruling and opposition parties attended Saturday's workshop.

Opposition Chief Whip Abdus Shaheed said, "I am doubtful about the successful implementation of PRSP if there is no active role of the lawmakers."

Speaker Jamiruddin Sircar, however, said, "The discussion with the MPs on the PRSP begins from this programme."

Among others, Lt Col Faruk Khan MP, Abdul Mannan MP, UN Resident Coordinator and UNDP Resident Representative in Bangladesh Jorgen Lissner, Prof

Wahid Uddin Mahmud, Dr Quazi Mesbahuddin Ahmed, Dr Hossain Zillur Rahman spoke.

Taking notes of the social development indicators in Bangladesh, Jorgen Lissner said, "The views of political parties are necessary for making the PRSP goals achievable."

Prof Wahid Uddin Mahmud stressed the need for participation of the MPs as they have the field level experience and expertise.

He also talked about political commitment as well as strengthening of institutional reform of the government for successful implementation of the PRSP.

The workshop recommended some strategies and suggestions, including a special parliamentary committee on the PRSP, linkage with the parliamentary standing committees on various ministries.

The much-talked-about PRSP was scheduled to be finalised by April 15 for starting its implementation from next financial year.

## Nat'l Housing declares 9pc dividend

National Housing Finance And Investments Limited has declared a nine percent dividend for its shareholders for the year 2004.

The declaration came at the company's sixth annual general meeting held on Thursday in Dhaka, says a press release.

Chairman of the company M Haider Chowdhury presided over the AGM.

The AGM was told that the company earned an operating profit of Tk 111.6 million in 2004.

## Lamy vows to respect all views as new WTO chief

AFP, Georgetown

Pascal Lamy, the former European Union trade commissioner, said Friday he would respect all members' views on sensitive topics such as agriculture when confirmed as head of the World Trade Organisation.

The French official looks certain to be appointed as WTO secretary general after a selection committee recommended him for the post and Carlos Perez del Castillo of Uruguay, his only opponent, pulled out of the race.

Lamy, speaking at a meeting of Caribbean trade ministers in the Guyanan capital, refused to comment on Perez del Castillo's decision to withdraw but said he would strive to seek a consensus on "sensitive" issues such as agriculture, on which he took a tough line when representing Europe.

Agriculture was one of the areas that have bitterly divided nations at trade liberalisation talks and Europe has regularly been criticised by trade rivals over its huge farm subsidies, which analysts say have kept international prices low.

## Malaysia's new maritime agency to start operation year end: Najib

AFP, Kuala Lumpur

Malaysia's new maritime agency established to fight piracy, illegal fishing and environmental pollution will begin operation in November, Deputy Prime Minister Najib Razak said Saturday.

Najib said the Malaysian Maritime Enforcement Agency would have 72 ships and more than 4,000 personnel to carry out its mission.

Najib, who is also defence minister, said the agency would be placed under the prime minister's department and its main task was to ensure the maritime security of its territorial waters.

Malaysia has recently come under pressure from the United States and Japan to beef up security in the narrow Malacca Strait after a spate of recent pirate attacks.

The narrow 960-kilometre-long (600-mile) Malacca Strait, bordered by Malaysia, Singapore and Indonesia, is one of the world's busiest shipping lanes.

# Rehab to hold two fairs in London, NY this month

STAR BUSINESS REPORT

In a bid to sell more flats and plots to expatriate Bangladeshis, developers are going to organise two promotional fairs in London and New York this month.

A three-day fair will be held during May 21-23 at Muslim Centre in London and another three-day event from May 28 at Manhattan Center, New York, leaders of the Real Estate and Housing Association of Bangladesh (Rehab) told a press briefing.

"We hope to sell flats and plots worth about Tk 200 crore – Tk 100 crore in London and another Tk 100 crore in New York. We expect around 30,000 visitors in these

fairs," said Toufiq M Seraj, president of Rehab, at the briefing on Friday.

The association organised the first housing fair in New York last year where 29 participating members of Rehab had a business worth Tk 50 crore.

Speaking at the briefing, Rehab General Secretary Mahmudul Hasan said some 40 out of the total 178 Rehab members will take part in the London fair and 37 in New York.

AH Mofazzal Karim, Bangladesh high commissioner to UK, will inaugurate the fair at 11:00am on May 21 in London while Shamsher M Chowdhury, ambassador to the USA, will inaugurate the fair in New York at 2:00pm on May 28.

In London, the fair will remain

open to visitors from 2:00pm to 9:00pm on May 21, 11:00am to 8:00pm on May 22 and 11:00am to 9:00pm on May 23 (local time).

The New York fair will remain open to visitors from 3:00pm to 8:00pm on May 28, 10:00am to 8:00pm on May 29 and 10:00am to 8:00pm on May 30.

Tanvirul Haq Probal, joint secretary of Rehab, will coordinate the fair in New York while SM Anwar Hossain, vice president, will coordinate the event in London.

Shahriar Kamal, director of Concord Real Estate and Building Products Ltd, among others, attended at the briefing held at Fantasy Kingdom in Ashulia.



PHOTO: BENGAL PLASTIC INDUSTRIES

Dan Mc Attee, president of A & E Product LP of the USA, takes a closer look at an A & E brand plastic hanger while visiting Bengal Plastic Industries Ltd at Zerabo in Savar on Friday.

# Export diversification key to survive in quota-free era

## DCCI seminar told

STAR BUSINESS REPORT

As the readymade garment sector is faced with stiff competition following quota-phaseout, speakers at a seminar yesterday underscored the need for diversifying the export basket to survive in the global market.

"Majority of our export earning comes from the RMG sector and we are facing tough challenge in the global market in the quota-free era," said Commerce Minister Altaf Hossain Choudhury speaking at the seminar as chief guest.

Stressing the need for adding more products to the export basket, he listed pharmaceutical, agro-processed and light engineering items, ceramics, frozen food, leather and Information and Communication Technology (ICT) as potential areas to increase export income.

The Dhaka Chamber of Commerce and Industry (DCCI)

organised the seminar on 'Result-Oriented Participation in the International Trade Fair' at its auditorium.

The minister said despite having limited resources, the government is taking measures under which the exporters will be able to participate in different international fairs, adding that it is a chance for them to get an exposure abroad.

Altaf said those who participate in the international fairs should not only concentrate on selling their products on the spot but think of getting more export orders to increase the earnings.

DCCI President Sayeeful Islam chaired the seminar while Export Promotion Bureau (EPB) Vice-chairman Mir Shahabuddin Mohammad also spoke.

In his speech, Shahabuddin said the EPB has already set up some projects for diversifying export items, recommending the entrepreneurs to initiate measures for devel-

oping new products.

Participating in the discussion, exporters alleged that the Export Promotion Bureau (EPB) officials do not give full concentration to local exporters when they go to different international fairs.

The officials were seen busy browsing through the foreign cities instead of giving full support to the local exporters and keeping communication with the Bangladesh missions, they explained.

The Commerce Ministry officials present at the meeting brought counter allegation against the exporters for not participating in the international fairs properly.

"We have record where we found names of 45 exhibitors to participate in international fair, but finally only five exhibitors turned up. This incurred a huge loss of government money and nobody cares it," the EPB Vice-president added.

# Fresh move to float shares of 32 insurance cos

JASIM UDDIN KHAN

The government has initiated a fresh move to expedite the process of floating 32 non-listed insurance company's shares worth about Tk 243 crore in the capital market in order to bring discipline in the insurance sector.

"Flotation of 60 percent shares of the 32 insurance companies will help increase options for investors to pour money in the 'issue deficient' share market," a senior official of the Ministry of Commerce said.

Sources said the country's 22 general insurance companies out of 43 and ten life insurance companies out of 17 failed to issue initial public offering (IPO) despite repeated requests from the ministry and department concerned.

The Department of Insurance (DoI) earlier imposed a fine of about Tk 3.05 crore and issued show-cause notices to the insurance

companies for their failure in floating IPOs in the capital market.

According to the ministry source, 25 out of the 32 companies had applied to the Securities and Exchange Commission (SEC) for floating IPO but only five of them were permitted to go into public.

The SEC refused 13 companies for having deficit or cumulative losses on their valuation balance sheets while seven companies did not even apply to the SEC.

The ministry in a meeting yesterday with Commerce Secretary Siddiqui Rahman in the chair again asked the insurance companies to complete the formalities as soon as possible.

During the meeting, owners of the companies and leaders of the insurance association urged the government to exempt the penalties.

M Shamsul Islam, chairman of the Bangladesh Insurance

Association, said they are pressing the association members hard to complete all formalities by June this year.

"All the companies must complete issuing IPO by this year otherwise the association will take stern action against the defaulting companies," Islam added.

According to the Insurance Law 1958, an insurance company has to issue IPO within three years of registration. The company has to offload 60 per cent of its paid-up capital of Tk 15 crore for a general insurance company and Tk 7.5 crore for a life insurance company to the capital market.

Earlier, the Parliamentary Standing Committee on the Ministry of Commerce had directed the companies to offload their shares to the capital market by April this year which the companies failed to comply with.