

## RMG export to US grows 21pc in post-MFA era

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Bangladesh's apparel market in the US continues growing in the post-MFA era as the export clocked 21 percent growth in six months.

During January to June 2005 period, Bangladesh exported textile products worth \$ 1.12 billion to the US. The garment export during the corresponding period of last year was \$927.8 million.

Bangladesh Garment Manufacturers and Exporters Association (BGMEA) President Anisul Huq has attributed the growth to imposition of embargo on

exports of Chinese textile products to the US market.

"The US authorities imposed safeguard measures under the WTO rules on some selective Chinese textile products in May this year that helped Bangladeshi textile products grow," Huq said.

Huq also said exports to US will further increase in the coming days as major US buyers continue contacting Bangladeshi producers.

But the situation may turn worse after withdrawal of the embargo on China from January 2009, he added.

The country exported textile

goods worth \$206.4 million to the US alone in June this year with a growth rate of 19.2 percent over the previous month. In May Bangladesh exported the products worth \$173.1 million.

According to the latest statistics circulated by the Foreign Trade Division of the US Department of Commerce, Bangladesh ranked 11th among the top 25 textile products exporting countries to the US in the last six months.

China topped the list with \$12.32 billion followed by Mexico with \$3.83 billion and India with \$2.56 billion. Pakistan ranked sixth with \$1.37

billion while Sri Lanka bagged 20th position with \$826 million.

Macao, Hong Kong, South Korea and Taiwan exports to the US market during the period posted negative growth.

The US market is still the top destination for Bangladeshi products as the country's overall exports to US in fiscal year 2004-05 stood at \$2.41 billion.

During the fiscal 2004-05, Bangladesh exported \$1.62 billion woven garments, \$402 million knitwear, \$87 million caps, \$13 million home textile and \$149 million frozen foods to the US market.

## Singapore, India sign pact to expand bilateral air services

AFP, Singapore

Singapore and India have signed a memorandum of understanding to expand bilateral air services amid growing trade, investment and tourism between the two countries, a joint statement Thursday.

Under the pact, airlines from the two countries can start or expand flights between Singapore and the Indian cities of Kolkata, Bangalore and Hyderabad, the statement said.

Additional fifth freedom traffic rights -- the rights to pick up passengers heading for third countries beyond Singapore and India -- are also granted to the airlines of both countries under the memorandum.

The two countries reached the agreement after two days of talks in New Delhi ending on Wednesday.

"Demand for this sector is set to grow further as trade, investments, tourist flow and other economic cooperation between our two countries continue to gather pace," said Choi Shing Kwok, who headed the Singapore delegation during the talks.

"This agreement is thus timely and much needed, and will help address the shortage of supply between the Singapore-Indian sector."

Choi said the two sides have agreed to meet again in six months' time to possibly further expand the bilateral air pact.

There are now 117 weekly passenger services between Singapore and 10 Indian destinations.

The two countries, which enjoy close historic and cultural ties, inked a wide-ranging economic cooperation agreement in June.

India was Singapore's 12th largest trading partner in 2004, with bilateral trade totalling 7.17 US billion dollars.

Singapore has invested 1.5 billion dollars in India in sectors such as telecoms, making it the country's biggest Asian investor and the third largest foreign investor overall.

## Housing project on police officers' land near Dhaka

Advanced Development Technologies Ltd, a local real estate company, and Lee Woo Company Ltd, a South Korean developer, have jointly undertaken a project to build a satellite town on the land of BCS Police Officers' Co-operative Society on the outskirts of Dhaka.

An agreement to this effect was signed between the local real estate company and the police officers' co-operative society recently in Dhaka, says a press release.

SM Anwar Hossain, chairman of Advanced Development Technologies, and Nurul Alam and Bakhtier Alam, president and general secretary of BCS Police Officers' Co-operative Society, were present at the signing ceremony.

## Ministry report suggests Tk1,400cr interest waiver for sick apparel units

BDNEWS, Dhaka

Ministry of Commerce in a report has recommended writing off Tk 1,400 crore interests on actual bank loan of Tk 600 crore in a bid to reopen some 1,900 sick garment units to facilitate to add extra US\$3 billion export earnings to the national economy in a year.

The report also said about six to nine lakh people in the country can get new employment opportunities if the government helps reopen the factories, mainly located in Dhaka and Chittagong.

Bangladesh Garment Manufacturers and Exporters Association (BGMEA) President Anisul Huq yesterday formally handed over the report titled "Re-opening of Sick Industries" to the Advisor of Commerce Ministry Barkat Ullah Bulu at the conference room of BGMEA where Commerce Secretary Faruk Ahmad Siddique was also present.

The ministry on February 28,

2005 formed a six-member high-powered committee with Mohammad Golam Hossain, joint secretary of commerce ministry, as convenor for reopening the sick garment industries.

The other members of the committee are Director of Finance Division of Ministry of Finance Syed Mobinul Huq, General Manager of Bangladesh Bank Naba Gopal Banik, Director General (textile) of EPB Mostafa Mohiuddin, Director of the BGMEA Golam Sarwar Milon and President of the Bangladesh Sick Apparel Community (BSAC) Engineer Mohammad Abul Kalam.

The report said because of the political instability and natural disasters in the past years, a lot of factories failed to ship their orders timely, resulting in the cancellation of the orders which in turn caused losses of those factories and thereby swelled the bank loans.

Delay in opening back to back LC, late submission of pre-shipment credit also enhanced the bank

loans, the report observed.

If the loan interest is waived, some Tk 1,691 crore will be needed to invest in these factories to purchase new machinery and ensure compliance.

Commerce Secretary Faruk Ahmad Siddique said his ministry will try to convince the banking sector to waive the interest.

"We were waiting for this day for last 15 years. It is a historic day for us," said the BGMEA president at the report hand over programme. "We want change in the finance credit and bankruptcy acts, 2003 (Artha Rin and Deulia) as many of our entrepreneurs are facing threat," he said.

Immediate past president of the BGMEA Qazi Moniruzzaman also spoke at the programme.

Garment is the largest export earner for Bangladesh with fetching 68 percent of the total export earnings. It also employs 2.1 million workers, almost 90 percent of them are women.

## US jobless claims slip by 4,000

AP, Washington

The number of Americans filing new claims for unemployment benefits declined last week with the four-week average for people receiving benefits dropping to the lowest level in more than four years.

The Labour Department reported that 315,000 newly laid off workers applied for jobless benefits, a decline of 4,000 from the previous week, providing further evidence that solid economic growth is showing up in an improving labour market.

The four-week average for the total number of people receiving benefits dipped to 2.58 million last week, the lowest level for this figure since March 2001, the month the last recession began.

## HSBC eyes raising stake in China's Bank of Communications

AFP, Shanghai

HSBC is eyeing a doubling of its stake in China's Bank of Communications to about 40 percent provided it can negotiate state restrictions limiting foreign investment, state press reported Thursday.

HSBC aims to raise its 19.9 percent stake to a "more rational figure" of about 40 percent if the current limits of 20 percent on individual foreign ownership were to change, the China Daily quoted Wang Dongsheng, executive director of HSBC, as saying.

"We just need a more rational balance between profits and risk," Wang said.

The global banking giant said that Bank of Communications, which in June raised 2.2 billion dollars in an initial public offering in Hong Kong, was the spearhead of its investment in China.



PHOTO: STAR

Steve Banner, chief executive officer (CEO) of Hongkong and Shanghai Banking Corporation (HSBC) Ltd in Bangladesh, speaks at a press conference in Dhaka yesterday to announce the launch of a new deposit scheme for small and medium enterprises (SMEs). Other senior officials of the bank are also seen.

## HSBC rolls out deposit scheme for SMEs

STAR BUSINESS REPORT

In an attempt to build a sound capital foundation for small and medium enterprises (SMEs), the Hongkong and Shanghai Banking Corporation (HSBC) Ltd in Bangladesh yesterday launched a special deposit scheme.

Under the scheme, small and medium entrepreneurs can invest their savings and will receive a double return in two years against their investment, said Steve Banner, chief executive officer (CEO) of HSBC Bangladesh, while describing the features of the scheme at a press conference in Dhaka.

The new product titled "Dui

Bochhore Dui Goon" (double in two years) offers a wide array of services in three categories -- Gold, Silver and Standard.

Under the Gold scheme, an entrepreneur can invest up to Tk 10 lakh in two years with a monthly deposit of Tk 33,425. At the end of the tenure after two years the entrepreneur will get double of the investment in return, said Mahbub-ur-Rahman, head of Corporate Banking of HSBC.

Besides, investment of Tk 5 lakh with Tk 17,065 monthly deposit under Silver scheme and investment of Tk 1 lakh with a monthly deposit of Tk 3,550 under Standard category will also draw double return, he said.

Under the Gold and Silver categories, the bank also offers business overdraft facilities up to 95 percent of the initial deposit.

The offers of the three schemes also include HSBC's other services such as 24-hour phone banking, using HSBCnet and benefits of business banking and services.

Speaking at the product launching ceremony, HSBC Bangladesh CEO said the SME sector in Bangladesh has tremendous potential.

"We believe the new schemes of HSBC will boost the SME sector and reflect the bank's continuous efforts to provide financial solutions that suit our customers' needs," he added.

## IMF says Asia growth remarkable, sees risks from oil

REUTERS, Singapore

Asia's economic growth is remarkable and will stay on track for this year and 2006, but serious risks remain due to high oil prices, the International Monetary Fund's chief said Thursday.

"Global expansion remains on track, growth in Asia is remarkable and we see it on a similar track in 2005 and 2006," said IMF Managing Director Rodrigo de Rato, declining to give IMF forecasts for growth this year.

Asia's economies, excluding Japan, grew a robust 7.4 percent in 2004 on average.

"The most important risk is the oil price," he told reporters in Singapore and Washington DC in a video teleconference. "The impact is mild at the moment but if high oil prices persist, the impact on Asian growth will be considerable."

Benchmark US light crude prices O CL: rose to a record \$68 a barrel today, up 57 percent since the start of the year and triple the prices levels at the end of 2001.

He warned that governments have to make households and businesses aware of the price of oil.

"Monetary policy should be vigilant to limit the second-round effect of high oil prices. Subsidies are not an efficient social policy although they are politically popular."

Rato said the Organisation of

Petroleum Exporting Countries had made important efforts to boost production and the main reason for the oil crisis was a significant increase in consumption.

He also said the oil market was not as transparent as it should be.

"Prices are not going to go back to levels seen at the beginning of 2004. There is very strong demand and we don't see that demand receding," Rato said.

Rato plans to attend a closed-door seminar on September 3 with regional finance ministers and central bank governors in Singapore on regional financial integration. He will visit South Korea after the meeting.

Asian economies need greater integration to deepen financial markets, which would help keep some of the high savings in the region, Rato said.

He also said that the IMF welcomed China and Malaysia's recent steps to move to more flexible exchange rate regimes and make their currencies more "market-driven."

He said the moves were "credible" and would help both countries to cope with external shocks.

On imbalances in the global economy, Rato said China's growth was unsustainable while the US needed to raise savings and reduce its current account deficit to maintain a healthy economy.

Rato said the Organisation of

## Nokia, Motorola command world market for new mobile phones

AFP, Paris

Nokia and Motorola manufactured about half of all mobile phones sold worldwide during the second quarter of 2005, according to statistics published by the research institute Gartner.

From April to June, 190.5 million handsets were sold globally, a 21.6-percent increase compared to the same period of 2004.

Both companies increased their market share, with leader Nokia accounting for 31.9 percent of all sales and Motorola in second place with 17.9 percent.

Sales of Nokia were boosted by demand in North America and Latin America, where the Finnish company reclaimed the number one spot.

US-based Motorola has made significant inroads in the western European market and is now the second biggest manufacturer of phones, a leap from fifth place a year ago, Gartner said.

## Oil eases from record \$68

REUTERS, London

Oil slipped from yesterday's record high of \$68 a barrel as a tropical storm appeared to steer away from vulnerable Gulf of Mexico rigs that serve the world's biggest market, the United States.

Worries that Tropical Storm Katrina would knock out crucial oil and gas supplies and data showing the U.S. was burning through its gasoline stocks had earlier lifted oil toward its inflation-adjusted price in 1980, after the Iranian revolution.

Financial bookmakers said they would start taking wagers on \$100 a barrel oil if the price broke through \$70.

At 1135 GMT U.S. crude was down 37 cents at \$66.95, after hitting \$68, the highest since U.S. crude futures started trade in 1983. London Brent crude was down 32 cents at \$65.69, off its \$66.56 high.

"(The market) remains extremely sensitive to any sort of supply disruption while demand remains inelastic despite the rise in prices throughout the summer," analysts at Refco said.

"If Katrina tracks into the Gulf of Mexico, crude could target \$70 and gasoline \$2.00, otherwise a sell-off of some degree would be inevitable."

The U.S. National Hurricane

Center updated its forecast on Thursday, saying it now expected Katrina to miss the rigs in the Gulf of Mexico as it followed a path across southern Florida.

An unusually active Atlantic hurricane season has produced 11 named storms and could culminate in as many as 21 tropical storms and 11 hurricanes, forecasters have said.

**GASOLINE BURN**  
Dealers were still on edge about low fuel stocks after disruptions and tensions in oil-producing countries cut crude output and propelled prices to a series of record peaks.

Gasoline stockpiles in the United States, the world's top oil consumer, unexpectedly tumbled 3.2 million barrels in the week to August 19, widening the supply gap from a year ago, the government Energy Administration Agency said.

Stocks of the auto fuel have contracted for eight straight weeks, led by higher demand as the peak driving season has almost two weeks to run its course.

Refinery snags have also skewed risks to the upside as the oil industry struggles to keep pace with demand growth, which has thus far proven remarkably resilient amid soaring costs.