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BTMA urges govt not to reopen land ports for yarn import

STAR BUSINESS REPORT

Protesting BKMEA's demand for allowing yarn import through land ports, leaders of the BTMA yesterday urged the government not to permit such import for the sake of local industries.

"The government banned yarn import through land ports in March, 2001 to prevent unscrupulous businessmen from importing or smuggling yarn by taking advantage of inadequate infrastructure facility in the land ports. Then why did they (BKMEA) renew the demand for re-opening the land ports?" BTMA Chairman MA Awal raised question while addressing a press conference in Dhaka.

At present, yarn is being imported through waterways.

Referring to BKMEA's stance on price hike of local yarn, Awal said "The BKMEA in a press conference on October 3 said the price of local yarn has been increased by 30 to 40 cents per kilogram and in India the price has been upped by 10 to 15 cents."

But, the price of local yarn has not been increased by more than 10 to 12 cents per kg, he said adding that many textile mills are yet to increase the yarn price.

He said the basic raw material of textile industry is natural fibre, which is a combination of raw cotton and man-made fibre, and man-made fibre is a petro-chemical product. "As the petroleum price increased internationally, the price of cotton and yarn rose automatically," he explained.

Textile millers can provide 80 to 85 percent yarn of the total requirement and according to BKMEA, the figure is 75 percent, he said. "If we take the figure of Bangladesh Knitwear Manufacturers and Exporters Association (BKMEA), the demand for re-opening land ports to manage the rest 25 percent yarn is basically illogical," he noted.

In reply to a query, the Bangladesh Textile Mills Association (BTMA) chief said there is a demand of the knit sector for 600 tonnes of yarn per day and the textile millers can supply 450 tonnes per day to the knit manufacturers.

However, while talking to The Daily Star, BKMEA President Fazlul Haque said importing yarn is not their goal. "We urged the government to allow the exporters to import such yarn, which ranges from 20-count to 34-count and is not common in the local market," he said.

Businesspeople will not import yarn if quality yarn supply is adequate and the price matches the international market, Haque added.

But, the local spinners' production is much less than the demand while volume of exports from the knitwear sector is increasing every day, he mentioned.

"If the present trend goes on, we have to cancel export orders and it will be impossible to meet the export target," Haque feared.

The knitwear sector fetched $2.8 billion of the total $6.4 billion garment exports in the last financial year.

PHOTO: STAR

MA Awal, chairman of the Bangladesh Textile Mills Association (BTMA), speaks at a press conference in Dhaka yesterday.

Brazilian textile industry asks for limits on Chinese imports

AFP, *Sao Paulo*

The Brazilian textile industry has called on the government of Luiz Inacio Lula da Silva to impose limits on Chinese silk imports that have flooded the domestic market, an industry association official said on Friday.

The Brazilian Textile and Apparel Industry Association (ABIT) issued its request on Thursday, the same day the government published an order opening the way for possible trade sanctions against Chinese products.

The textile association asked the government to restrict the import of five types of Chinese silk and other textiles, an official from ABIT told AFP.

In the first eight months of 2005, silk imports from China increased 300 percent compared to the same period in the previous year, the textile association said.

The government has authorized an investigation into whether Brazilian companies have suffered unfair competition from Chinese imports.

Recent trade talks between Brazil and China have failed to produce agreement and Brazil has vowed to protect its domestic industries if necessary.

Last November, Brazil and several other Latin American states granted China market economy status. The move, designed to stimulate Chinese investment in Latin America, also made it more difficult to impose restrictions on imports from China.

The United States and the European Union have also struggled to resolve trade disputes with China amid a boom in exports of Chinese textiles and other products.

Delphi set to file for bankruptcy

REUTERS, *New York*

Delphi Corp is expected to file for bankruptcy in a New York court on Saturday, a source familiar with the situation said on Friday.

The board of the Troy, Michigan-based company is set to meet on Saturday morning to make the final decision on filing for bankruptcy, the source said.

A Delphi spokeswoman declined to comment.

Delphi, succumbing to high wage and benefit costs inherited from former parent General Motors Corp, has lined up debtor-in-possession financing from a consortium of banks led by Citigroup Inc and JPMorgan Chase & Co.

Delphi has a number of large foreign units, but those subsidiaries are not expected to be part of the bankruptcy filing, the source said.

Delphi is represented by Skadden, Arps, Slate, Meagher & Flom and Shearman & Sterling, while General Motors -- which is by far Delphi's largest customer -- is represented by Weil, Gotshal & Manges.

The auto parts maker is not cash-strapped but is filing to take advantage of current, more lenient, bankruptcy rules, which are set to change on October 17, making reorganizations more challenging.

It is also filing to pressure its unions to come up with wage concessions.

Delphi's stock, which has traded above $9 during the last 12 months, fell $1.08 to close at $1.12 on the New York Stock Exchange on Friday amid concerns the company may be unable to reach a deal with GM and its unions to avert a bankruptcy filing.

Delphi, which has struggled since its spinoff in 1999, had said it needed help from GM and the United Auto Workers to restructure money-losing operations or it would consider a Chapter 11 filing covering its U.S. units.

Beximco Pharma to get listed on London Stock Exchange Oct 21

BDNEWS, *Dhaka*

Beximco Pharmaceuticals is all set to become the first Bangladeshi company to get listed on London Stock Exchange (LSE) on October 21.

In a statement, the pharmaceutical giant yesterday announced that its global depository receipt (GDR) for tapping UK capital market received overwhelming response at the close of subscription.

The books for subscription of the GDRs closed in London on October 6, 2005.

A total of 2 crore GDRs have been issued to raise around Tk 142 crore from international institutional investors to be utilised to add new manufacturing lines, new processes and repay foreign currency loans.

"In addition, the company is expected to raise approximately another Tk 57 crore by issuing 6,666,662 GDR warrants to be issued to the subscribers of GDRs," according to the corporate announcement.

Expressing satisfaction with the response, Beximco Group Vice Chairman Salman F Rahman said, "Joining Alternative Investment Market (Aim) of the London Stock Exchange will give us extra visibility, improve the image of Bangladesh and shore up the confidence of foreign investors."

"We faced a setback first after the London blasts in July this year. Then on August 17, 2005 we witnessed serial blasts in Bangladesh. In spite of these blasts, our team was able to convince international investors to have confidence in Beximco and Bangladesh, which is reflected in the success of the GDR issuance," he said.

Political stability key to wooing investment

DHL Express Asia-Pacific CEO talks to The Daily Star

MONJUR MAHMUD

He is among the very few, who believes that Bangladesh will benefit from the quota free regime but he says the country should maintain political stability to attract more investment.

"Political stability is necessary here for attracting more investment. As long as it is maintained, I don't find any reason that Bangladesh would not move forward," said Scott Price, chief executive officer (CEO) of DHL Express Asia-Pacific, in an exclusive interview with The Daily Star recently.

Bangladesh emerged as a major readymade garment exporter and there is no negative impact on the garment sector as yet following the quota phase-out.

DHL business in Bangladesh is experiencing a double-digit growth and around 75 percent of DHL revenue comes from the RMG sector. "We are pleased here," he said, adding, "There are excellent opportunities to invest here."

"In general, our business is an indicator of export-import trend in a particular country and Bangladesh is very important location for us," explained Price, who was on his first visit to Dhaka recently.

Regulatory environment, customs valuation in particular, is not competitive here for which the country is missing a lot of opportunities, he felt suggesting Bangladesh must learn from some of good models that are practised around the world.

Citing an example, the CEO maintained that in neighbouring India and Sri Lanka urgent sample shipments of de-minimus value that is exempted from customs duties and shipments of low value, are processed by customs prior to arrival and cleared immediately upon arrival.

Whereas it still takes one to three days in Bangladesh, he observed adding that implementation of de-minimus value and 24-hour customs availability will improve the situation.

Scott Price

"Lead-time is shrinking and quick turnaround is the need of the day. If shipment is slowed down, things become very difficult to manage and buyers will shift to other places," he pointed out.

He said DHL is here to facilitate trade and trying to move towards world class service and express industry is very much dependent on infrastructure. DHL uses high-tech scanning that is globally recognised for security and safety reasons.

"We don't have that in Bangladesh. We are approaching the Civil Aviation authorities and Bangladesh Biman to provide us with space so that we can design a world class facility at Zia International Airport. DHL will invest US$4.5 million in the next one year," went on Price who has 24,000 people in 41 countries in the Asia-Pacific under his wing.

The company prioritises two areas -- investing in human resources development and focusing on world class standard. DHL equips itself with latest scanning and handling equipment in every two years, noted the CEO, who is responsible for about US$3.4 billion in revenues annually.

"We never give up on improving the quality of our equipment. We are operating in 220 countries and trying to focus on best practices," he mentioned adding that logistic industry is growing through consolidation and quality is most important here.

DHL Asia-Pacific invested US$1.4 billion in the last couple of years. "Many people think main portion of the investment went to China but it is not correct. We invested in the infrastructure of different countries," he mentioned. The company has 40 percent market share in Asia-Pacific and it is 60 percent in Bangladesh.

Price was of the view that some of the recent incidents, including August bomb blast across the country, would not affect Bangladesh's interest in the long run.

"I don't think Bangladesh would face difficulty in the global market for this reason. Different countries are facing similar problems. You can't stop these things. Global terrorism whether it is politics- or religion-driven exists everywhere."

When he was asked to express his perception about corruption, he said: "I have heard that corruption is high in Bangladesh. As far as DHL is concerned, the management here did not face the problem prominently."

Price hoped to be in Bangladesh again next year at the annual Bangladesh Business Award, which DHL and The Daily Star introduced few years back.

Mittal Steel to invest $9b in eastern Indian state

AFP, *New Delhi*

The world's largest steelmaker, Mittal Steel, signed an agreement Saturday to invest 400 billion rupees (nine billion dollars) in a steel project with India's Jharkhand state, a company statement said.

The project will be the second biggest foreign investment in India's steel sector. South Korean steel maker POSCO decided to invest 12 billion dollars in the eastern Indian state of Orissa earlier this year.

Mittal would develop a plant in two phases of six million metric tonnes capacity each, but the statement did not give a launch date.

Mittal Steel chairman L.N. Mittal and Jharkhand state's top bureaucrat P.P. Sharma signed a memorandum of understanding for the project.

The company said a final agreement would be signed only after completion of a detailed project report.

Mittal was also to study the possibility of setting up a 2,400 Megawatt capacity power plant and an adjacent township for employees.

Malaysian Islamic bank reports $220m losses

ANN/THE STRAITS TIMES

Malaysia's oldest Islamic banking group Bank Islam Malaysia Berhad (BIMB) reported a total loss of nearly RM500 million (S$224 million) Friday, one of the biggest for local banks in recent years.

It also has RM1.16 billion (US$1=RM3.7695) of non-performing loans (NPLs) on its books, more than double the industry average here.

It is the first time BIMB has gone into the red in its 22-year history.

Many of the losses have accumulated through bad loans given out by the government-controlled bank's subsidiary to companies, including firms in Sarajevo and South Africa.

Many of the bad loans, dating back to the 1997 Asian financial crisis, were given out during Tun Dr Mahathir Mohamad's tenure as prime minister.

Tun Mahathir had been responsible for Malaysia's leading position in the development of Islamic finance, and had encouraged the global expansion of institutions such as Bank Islam.

The bank's new management team is trying to start afresh, and yesterday's announcement of huge losses appear to be designed as part of Prime Minister Abdullah Badawi's campaign to clean up and rebuild government-linked companies (GLCs) that have been tainted by corruption, questionable deals and inefficiencies in the past.

'We needed to make these provisions so that Bank Islam is in a better position to face the challenges that are already confronting our businesses,' BIMB managing director Noorazman A Aziz said yesterday.

BIMB Holdings reported a fourth-quarter net loss of RM473.4 million due to large provisions for bad loans.

But the bank says it expects to return to profit in the current financial year ending June 2006, with contributions from the banking and insurance segments.

The government has ordered an investigation to track down any possible mismanagement or wrongdoing.

'There seems to have been a lack of control and supervision that led to the losses, but such weaknesses were also apparent in other banks at the time of the financial crisis,' a senior government source said.

The losses stemmed mostly from its lending unit in Labuan, the bank said yesterday.

Nearly RM450 million in loans was given out to companies in South Africa and Sarajevo, the New Straits Times daily reported yesterday.

The companies were not named, while the loans are believed to be the subject of a government investigation.

Bank Islam's losses are not likely to affect Malaysia's push to position itself as a hub of global Islamic finance.

It was former Malaysian prime minister, the late Tunku Abdul Rahman Putra, who promoted the idea of an Islamic bank in the early 1970s.

In the past year, the government's move to award Islamic banking licences to a number of conventional banks, including foreign institutions, has increased the competition for Bank Islam.

According to Bank Negara, Islamic banks now account for RM95 billion of banking assets, or 11 per cent of the total, in Malaysia as of 2004.

Korean giant signs gas transportation deal in Vietnam

AFP, *Hanoi*

The Korean National Oil Corp. (KNOC) said Saturday it had signed a deal to transport natural gas from an off-shore platform in southern Vietnam to processing plants via the Nam Con Son sub-sea pipeline.

The deal was signed on Friday in Hanoi by the gas suppliers, KNOC and its local partner PetroVietnam, and the investors in the 370-kilometer (230-mile) Nam Con Son pipeline -- PetroVietnam, British BP and American Conoco Phillips.

"The amount of the deal is confidential," said Seong Hoon Kim, executive director of KNOC in Vietnam, refusing to elaborate.

The area in southern Vietnam controlled by KNOC is expected to produce 3.7 million cubic meters of natural gas per day over 23 years. KNOC signed a 300 million-dollar contract in December 2004 to develop the area.