Star BUSINESS

E-mail: business@thedailystar.net

Jute product sales up but sector needs support

Say firms displaying jute products at DITF

STAR BUSINESS REPORT

PHOTO: STAR

Visitors take a close look at jute-based products at a stall at the Dhaka International Trade Fair in the capital yesterday.

Sales of jute products have increased at this year's Dhaka International Trade Fair (DITF), but companies displaying jute goods said they need better government support to boost exports made from the environmentally friendly material.

Sheikh Eahia Ahmed, president of Environment-Friendly Shopping Bag Manufacturers Association (ESMA), said, " Day's total sales of jute products stood at Tk 5 lakh on Monday and the sales performance is improving day by day."

This was in marked contrast to last year's show when sales had been 'far below the present volume', he said.

A total of 25 firms under the Bangladesh Jute Mill Corporation (BJMC) have put their products on display in the month-long fair this year, up from only six last year.

Also this year 23 diversified jute goods manufacturers are showcasing their products at the fair through the Jute Diversification Promotion Centre (JDPC), a government initiative to diversify the products.

A vast range of jute products including bags, wallets, showpieces, ornaments, clothing, shawls, shoes and carpets, has been put on display at the fair.

"Since its inception in 2002, the JDPC has identified as many as 220 diversified jute products till date and it is also putting its efforts to enhance entrepreneurs' interests to invest in this sector," a JDPC official said.

The ESMA chief said, "We produce very good quality jute curtains and only a single decision of the government to use such curtains in all public offices in the country can bring about a drastic change in jute sector."

Still, most of the Bangladeshis are not aware of the value of jute products, he said, suggesting awareness campaign, including media coverage, to expand the local market of jute products.

Meanwhile, the participating companies in the DITF said had there been no political turmoil, a greater number of visitors would have flocked to the trade extravaganza.

A total of 418 companies, including 53 foreign ones from seven countries, are showcasing their products at the 12th version of the fair at Sher-e-Bangla Nagar.

Tickets are available at the entrance at Tk 10 for an adult and Tk 5 for an infant.

The fair, which will conclude on January 2, remains open to visitors from 10:00am to 9:00pm on weekdays and from 10:00am to 10:00pm on holidays.

HSBC, StanChart, Citigroup okayed for yuan service in China

AFP, Beijing

HSBC, Standard Chartered Bank and Citigroup have been approved to provide local currency services for Chinese citizens, state media reported Wednesday.

But as a result of stringent requirements for foreign banks, the three will be allowed to take only deposits larger than one million yuan (128,000 dollars) per client, the Xinhua news agency said.

The only way for foreign banks to escape that rule is to incorporate locally, according to new rules that took effect Monday on the fifth anniversary of China's entry into the World Trade Organization.

The three are among eight foreign lenders that have filed applications with the banking authorities to incorporate locally.

Locally incorporated banks have to conform with rules applying to local players, such as a regulation that total outstanding loans in the local currency cannot exceed 75 percent of deposits.

China has promised to give foreign banks a grace period of up to five years to comply with some of the requirements.

GDP growth to slow down to 6.2pc in FY 07: WB

UNB, Dhaka

Bangladesh's GDP growth will slow down to 6.2 percent in the current fiscal year (2006-07) from 6.7 percent of the previous fiscal, according to a World Bank forecast.

The forecast was made at a report titled "Global Economic Prospects 2007" released in Washington yesterday and also available here.

The report did not mention reasons behind prospect of the country's economic slowdown but said "prospects for individual countries will be affected by weather, political developments and earlier outturns."

In Bangladesh, the report said, growth rebounded to 6.7 percent in 2005-06 owing to stronger remittance inflows, vibrant services and manufacturing sector output and the waning impact on agricultural output of last year's floods.

The report said GDP in South Asia is estimated to have expanded at a very rapid pace of 8.2 percent in FY06. India led the way with GDP growing by an estimated 8.7 percent, backed by nonagricultural growth in excess of 10 percent.

Output in Pakistan is estimated to have slowed from 7.8 to 6.6 percent, following a return to more normal agricultural production in the wake of a bumper harvest in FY05.

In FY07 and FY08, growth will probably slow, but still likely exceed 6 percent, more than twice the rate in high-income countries, which is expected to be 2.6 percent. In case of Bangladesh, the growth was estimated at 6.5 percent in FY08.

"Globalization could spur faster growth in average incomes in the next 25 years than during 1980-2005, with developing countries playing a central role," said the report. However, unless managed carefully, it could be accompanied by growing income inequality and potentially severe environmental pressures.

French firms show interest in Bangladesh economy

Says French envoy

STAR BUSINESS REPORT

As Bangladesh economy will grow faster in the next two years, French companies are getting more interested in the country, French Ambassador in Dhaka Jacques-Andre Costilhes said yesterday.

If the country can cut corruption, the economic growth will accelerate in the coming days, he said this at a briefing of the France-Bangladesh Chamber of Commerce and Industry (CCIFB) in the capital.

The ambassador expressed his hope that a trade fair involving French companies as well as other European companies will be held in Dhaka next year as part of the move to develop economic relationship between Bangladesh and France.

The briefing session was arranged on return of a business delegation of the chamber from India. The delegation participated in France-India Forum 2006 in New Delhi.

CCIFB President Syed Farhad Ahmed, Director Rifat Rashid, French Embassy's Trade Commissioner Dominique Simon and Deputy Trade Commissioner Sophie Clavelier Khan also spoke.

Farhad said Bangladesh can start call centre and data entry business with France companies as the country has a great potential.

"If the government and the French Embassy jointly launch language training programmes, it will help local entrepreneurs start business on data entry and call centre operation," he said.

Farhad said as the Indian IT firms are getting more sophisticated and staying reluctant to carry out outsourcing jobs like data entry, Bangladeshi companies can utilise the opportunity, he added.

Simon said French companies like Lafarge are investing in Bangladesh in construction, telecoms, and alternative power sectors paving the way for a greater economic relation.

He said potential also remains in retail business and aeronautical sector in Bangladesh.

A 12-member business delegation from Bangladesh met French companies in New Delhi on the sidelines of 'France-India Forum 2006' held from December 3 to December 8 where 225 French companies took part.

Bangladeshi companies held business-to-business meeting with French companies of different sectors such as pharmaceutical, IT, transport and logistics, chemicals and service.

PHOTO: STAR

French Ambassador in Dhaka Jacques-Andre Costilhes speaks at a briefing organised by France-Bangladesh Chamber of Commerce and Industry (CCIFB) in the capital yesterday.

Dollar rallies against euro, yen

AFP, London

The dollar rebounded on Wednesday after overnight falls caused by Fed concerns over a weaker US economy.

In early European trading, the euro fell to 1.3258 dollars from 1.3280 dollars in New York late on Tuesday.

The dollar gained to 117.07 yen from 116.80 yen late on Tuesday.

The US Federal Reserve on Tuesday kept its key interest rate on hold at 5.25 percent for a fourth straight meeting, as expected, but the language in its accompanying statement showed concerns about soft economic conditions.

The US central bank said slowing economic growth partly reflected "a substantial cooling of the housing market".

But the Fed also maintained its view that inflation risks remain, which some analysts took as a signal that it will not be rushing to reduce borrowing costs either.

Malaysia to raise road tolls

AFP, Kuala Lumpur

Malaysia will impose higher toll rates from January for highways into the capital, a junior minister said Wednesday, despite strong public outcry and concerns it will fuel inflation.

S. Veerasingam, deputy domestic trade and consumers minister told AFP that the government had no choice but to increase the toll rates between 10 percent to 50 percent.

"The government is already providing a lot of subsidies to the people. If we do not increase, we (the government) will have to pay the concessionaires of the highways," he said.

"The cabinet has approved the hike," he added.

Works Minister Samy Vellu was expected to make an official announcement late Thursday and detail the toll hike.

Consumer and industry leaders were quick to criticise the hike, saying it was unjustified following a steep petrol price hike in February and electricity rate hikes in June.

Novomix 30 FlexPen launched for diabetes patients

STAR BUSINESS REPORT

Novo Nordisk A/S Bangladesh yesterday launched Novomix 30 FlexPen, a new insulin product, for diabetes patients to offer better diabetes management.

The product launch took place at a hotel in the capital where AK Azad Khan, secretary general of Bangladesh Diabetes Society, was the chief guest. Diabetologist Hazera Mahtab and Country Manager of Novo Nordisk Sandeep Sur were also present.

In Bangladesh, 9 out of 10 patients use Novo Nordisk insulin, company officials told the launching function.

All products of Novo Nordisk are distributed by Transcom Distribution Company Ltd. NovoMix®30 FlexPen® is available all over the country.

New MD of Rupayan Housing

Sadat Hossain Salim has been appointed the managing director of Rupayan Housing Estate Ltd, says a press release.

A British Institute of Business Management fellow Salim held senior management positions at many companies such as Dunkans Bros, Partex Group, Apex and HRC Groups. He was also the managing director of Anwar Landmark Ltd.

Global airlines set for bigger profits in 2007

XINHUA, Geneva

The global airline industry is expected to record a net profit of 2.5 billion US dollars in 2007, up from the previously forecast profit of 1.9 billion US dollars, the International Air Transport Association (IATA) said Tuesday.

In data released at its annual media presentation in Geneva, the association also cut its forecast for airline losses this year to 500 million US dollars, against the 1.7 billion US dollar forecast earlier.

Brian Pearce, IATA chief economist, said the industry improvement in 2006 reflected increasing efficiency and steady growth in passenger numbers. "We now see the industry as doing much better despite the oil shock which pushed up its costs."

IATA represents 270 airlines from 143 countries and is the leading body for the global airline industry.

It said its higher 2007 profit forecast reflected a drop in the price of jet fuel from a peak of 93 US dollars a barrel.

Still, it cautioned there was limited scope for further significant energy price declines in 2007, and the business environment was expected to become tougher due to a global economic slowdown.

PROTESTING PRIVATISATION, OUTSOURCING

Indian bank, insurance staff go on strike today

AFP, New Delhi

Around 700,000 bank and insurance workers will go on a strike Thursday to protest against privatisation and outsourcing, an employees' organisation said Wednesday.

"Around 600,000 workers from state-run banks as well as private banks, and 80,000 insurance workers will be on strike," said C.H. Venkatachalam, general secretary of the All India Bank Employees Association.

Trade unions have already called a one-day strike involving transport, railway and state-run companies to protest the government's economic policies.

The strike is supported by the federal government's communist allies, who have opposed the opening this year of the retail sector to single-brand foreign outlets such as sports goods maker Nike, and the setting up of special economic zones to attract foreign investment.

"We are protesting the government's anti-labour policies, attempts to privatise state-run companies, and the move to allow foreign direct investment in banks," Venkatachalam told AFP.

He said the strike was also aimed at pressing for more recruitment and that he union opposed the outsourcing of services.

The central bank, the Reserve Bank of India, has said it would allow banks to outsource banking services to streamline payment methods that are currently a mix of electronic and antiquated paper-based systems.

Opec uncertain about need to boost prices

AFP, Abuja

Opec members appear uncertain about the need for another cut in the cartel's output, with oil around the 60-dollar mark and concern growing about the outlook for the global economy next year.

Ministers from Iran, Nigeria and Algeria have all suggested they are in favour of an output cut to prop up prices, but their Libyan counterpart has been more circumspect.

"A mild note of disagreement has crept in over the last few days," commented an analyst at French investment bank Calyon, Mike Wittner.

The arrival later on Tuesday of the oil minister of Saudi Arabia, Ali al-Nuaimi, could shed light on the likely outcome of the meeting, to take place officially on Thursday, given his influence in the 11-member group.

Opec cut its output quota by 1.2 million barrels at its last meeting in October to stem a slide in prices, which had fallen from a high of 78 dollars per barrel in July to about 58 dollars at the time of the meeting.

On Wednesday, New York's main contract, light sweet crude for January delivery, was around 61 dollars a barrel and Brent North Sea crude for January was 19 cents down at 61.33 dollars.

President and Nigerian Oil Minister Edmund Daukoru has underlined the mild winter in the northern hemisphere and high global inventory levels as factors in favour of a cut.

Another key consideration weighing on ministers will be the weaker dollar, which reduces oil revenues for the exporting countries, analysts say.

"If you were an energy dealer, what would you do? Keep pumping? I don't think so," Daukouru said on Tuesday.

Algerian Energy Minister Chakib Khelil added Wednesday: "We will support a cut during the meeting."

Conversely, oil demand grows strongly in the northern hemisphere winter, giving a seasonal boost to prices, and Opec would want to avoid giving too much impetus to the twitchy oil market.

The cartel spent much of the first half of this year worrying about overly high prices, which reduce economic growth and oil demand.

Asked about a cut on Tuesday, Libyan representative Shukri Ghanem replied: "I'm not ruling it out but I don't think it is a must."

PHOTO: STAR

AK Azad Khan, secretary general of Bangladesh Diabetes Society, speaks at the launch of Novomix 30 FlexPen, a new insulin product, in Dhaka yesterday.