Star BUSINESS

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Three-month slump in RMG exports to end in October

CPD-SEDF discussion on industry told

STAR BUSINESS REPORT

Garment exports have suffered a serious set back in the past three months but are expected to bounce back in October, said the president of the country's knitwear association.

According to Fazlul Hoque, president of Bangladesh Knitwear Manufacturers and Exporters Association, export earning from garments fell 24 percent in July and it fell by 12 percent in August. In September year on year growth is expected to be zero, he said.

The Export Promotion Bureau has failed to release official export figures for July or August and both sets of statistics are now many weeks overdue. Sources say the information has been withheld due to government concerns about the slump in sales. Garment exports account for more than 75 percent of the country's total exports.

Fazlul was more upbeat about exports in the remainder of 2007. "From October onwards the export growth will be more than 20 percent," he said, adding that he based his assessment on information on orders among his members.

The downturn in exports was mainly a result of a lack of orders between December and March when the country witnessed political volatility followed by massive labour unrest. This frightened off buyers and stopped them from giving orders to Bangladeshi suppliers, he said.

Anwar-Ul Alam Chowdhury Parvez, president of Bangladesh Garment Manufacturers and Exporters Association, said an unusually warm winter in the Western and European countries last year also forced the major international buyers to reduce orders.

Buyers have also pointed to the weakening of the US economy, the poor performance of some of the country's major buyers, such as Walmart, and increased competition from neighbouring Asian producers such as China, Vietnam and Cambodia as reasons behind the fall.

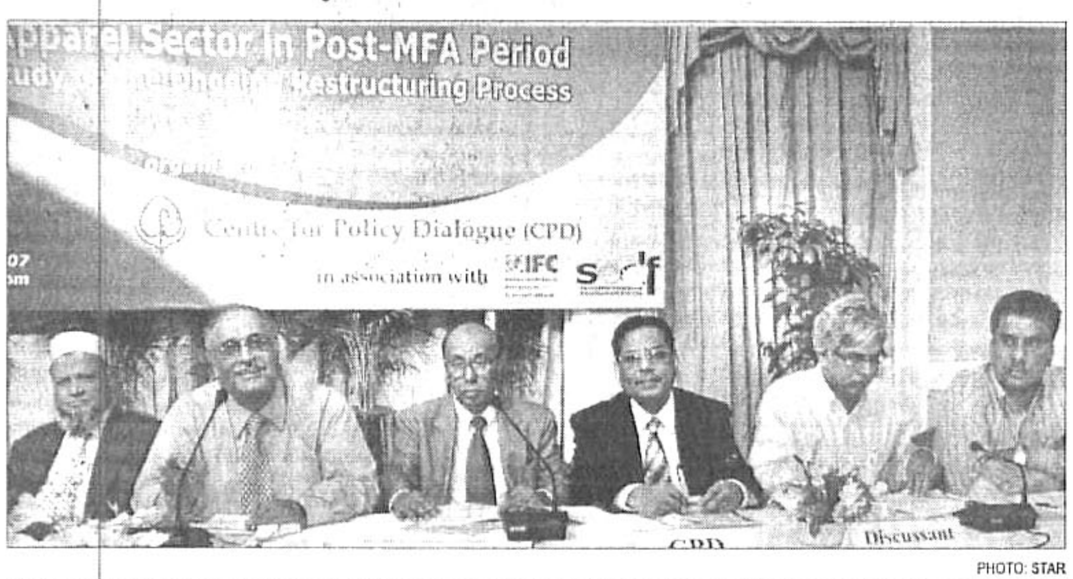

PHOTO: STAR
Finance Adviser Mirza Azizul Islam (3-L) speaks at a programme in Dhaka yesterday. The function was organised for releasing the findings of a study on 'Bangladesh's Apparel Sector in Post-MFA Period' conducted by Center for Policy Dialogue (CPD) in association with International Finance Corporation (IFC)-SouthAsia Enterprise Development Facility (SEDF).

The export figures were raised at a discussion on 'Bangladesh's Apparel Sector in Post-MFA Period: A Benchmarking Study on the Ongoing Restructuring Process' in Dhaka yesterday. The study was prepared by the Center for Policy Dialogue (CPD), an independent think-tank, in association with the International Finance Corporation (IFC)-SouthAsia Enterprise Development Facility (SEDF).

According to the study, garment factories that meet compliance standards are much more productive than less compliant competitors. "Highly compliant enterprises are 57 percent more productive than less compliant enterprises and 65 percent more productive compared to moderately compliant enterprises," the study discovered.

The study was conducted during the second half of 2006 and the data was generated for FY 2004 (pre-MFA) and FY 2005 (post-MFA). A total of 190 enterprises were selected as sample.

Speaking at the event Finance Adviser Mirza Azizul Islam said compliance issues are essential requirements to sustain international markets. "Compliance should be ensured by all parties including enterprises, labour and government," he said.

Moderating the function, CPD Executive Director Debapriya Bhattacharya said the companies that are new, big and backed by foreign investment or ownership are more compliant and have greater productivity. Small and medium enterprises are facing difficulties, he said.

The study said that between 2002 and 2006 the global market for apparels increased by about 45 percent whilst that of textiles by about 42 percent. Between FY 2000 and FY 2007 gross export earnings more than doubled, whilst net export earnings increased by almost two and half times.

The study said shortage of electricity, competition with China, inadequate port facilities and infrastructure, lead times, and non-implementation of new wage structures are the major structural weakness for the readymade garment sector.

Speakers said Bangladesh may face a renewed threat from its main competitor China when export limits imposed on the country are lifted in 2008. Vietnam, India, Pakistan, Sri Lanka and Cambodia are also emerging as major competitors to Bangladesh, they said.

CPD research fellows Mustafizur Rahman and Khondaker Golam Moazzem, IFC-SEDF Country Head Deepak Adhikary, Bangladesh Institution of Labour Studies President Nazrul Islam Khan, Nurul Islam of Trade Union Centre, and workers leaders Nazma Akhter and Ruhul Amin spoke at the function.

Bangladesh agrees to give rail transit of goods to Nepal

UNB, *Dhaka*

Bangladesh has agreed in principle to offer Rohanpur in Chapainawabganj district as the rail port for the transit of goods to and from Nepal.

The agreement came in response to a request from Nepal at trade talks that concluded in Kathmandu yesterday with a package deal on ways and means of enhancing bilateral trade.

Both sides agreed to take up the matters related to full-fledged operation of Kakarbhitta-Panitanki-Phulbari-Banglabandh corridor with the government of India in view of the existing difficulties faced in operation of transit to and from Bangladesh on this route through Indian territories.

"In this connection, both sides agreed to explore ways and means of an uninterrupted access of Nepalese cargo vehicles to and from the Banglabandh land port," says a message from the Nepalese capital.

The two sides reviewed the agreement on the operating modalities of movement of cargo/vehicles, and it was agreed to finalise it in the near future. "Nepalese bilateral trade as well as the third-country trade of Nepal is hampered in the absence of this agreement."

Discussion also took place on agreement on regulation of passenger traffic between Bangladesh and Nepal.

At the secretary-level meeting, the two sides agreed on various other trade issues, including exchange of information and further exploring investment opportunities for greater economic linkages between the two countries.

The commerce secretary-level bilateral consultation concluded at Singha Durbar in Kathmandu. Secretary of Commerce Ministry Feroz Ahmed led the Bangladesh delegation while Officiating Secretary of the Ministry of Industry, Commerce and Supplies of Nepal Purushottam Ojha the Nepalese side.

The meeting reviewed the existing bilateral volume of trade between the two countries and underscored the need for finding ways and means of expanding the bilateral trade to an expected level.

Both sides agreed to work together to exchange information on regular basis regarding the trade that is taking place between the two countries in both direction.

Regarding the Nepalese request for preferential tariff reduction and duty-free access for some agricultural and primary products such as lentils, tea, large cardamom, pulses, vegetables and fruits to Bangladesh market, the Bangladesh delegation said there was significant progress on these issues.

As there is no import duty now on rice and lentils the delegation urged Nepal to avail of the opportunity of exporting the products.

A wish list for preferential tariff reduction will also be forwarded to Nepal from Bangladesh "within the shortest possible time".

Both the delegations agreed to form working groups to discuss the issues of preferential tariff reduction and prepare its modalities.

The Nepalese side took note of the problems regarding registration of Bangladeshi products and long-term renewable business visa for the businesspersons relating to exporting of pharmaceuticals products from Bangladesh to Nepal and would bring the issues to the notice of the authority concerned.

Bangladesh side took note of the Nepalese request to allow acrylic yarn and marbles to enter Bangladesh through land route.

They appraised the Nepalese side that Nepal could export marble to Bangladesh through Banglabandh, but this product is subject to pre-shipment inspection only.

Both sides emphasized the need for improved infrastructure facilities in the vicinity of airports and land ports on their respective sides to facilitate movement of perishable goods, particularly agricultural products, by air cargo and land ports.

The meeting agreed to encourage investors on both sides to further explore investment opportunities for greater economic linkages between the two countries.

Both sides agreed to organize single-country trade fairs and participate in the trade fairs organized in each other's country.

It was agreed that the Trade and Export Promotion Centre of Nepal and the Export Promotion Bureau of Bangladesh would be instructed to work together in this regard.

The meeting agreed to encourage exchange of more visits and collaboration among the private-sector entities and chambers of the two countries.

Both sides agreed to make joint effort to promote tourism in both the countries. The Nepalese side took note of the Bangladesh proposal for reducing the peck-permit fees for the Bangladeshi mountaineers who are exploring the mountains in the Himalayan country.

A Nepalese proposal for the need for harmonization of sanitary and phytosanitary and technical barriers to trade measures for facilitation of bilateral trade and forming a joint committee to look into the issues of accreditation, harmonization and mutual recognition of the certification of quarantine, food safety, standards and other related measures came up for discussion.

It was agreed that the next secretary-level meeting would be held in Dhaka in 2008 at a date convenient to both sides.

The Bangladesh delegation paid a courtesy call on Minister for Finance Dr Ram Sharan Mahat and Minister for Home Affairs and Industries, Commerce and Supplies of Nepal Krishnas Prasad Situla on Sunday evening and apprised them of the outcome of the commerce secretary-level talks. They also exchanged views on other bilateral issues.

Bangladesh Ambassador to Nepal Imtiaz Ahmed was present during these meetings.

Tk 145cr sugar stockpiles at 7 state-run mills

STAR BUSINESS REPORT

Around 51 thousand tonnes of sugar, worth about Tk145 crore, produced by seven state-owned mills in the country's northern area, has been unsold for six months as the market price for sugar is well below the factory cost of production, according to our correspondents from Kushtia and Dinajpur.

The mills are Dinajpur, Thakurgaon, Panchagarh, Joypurhat, Kushtia and Mobarakganj sugar mills in Jhenidah and Darshana Sugar Mills in Chuadanga.

This stockpiling of a huge quantity of unsold sugar has also thrown the fate of hundreds of farmers in and around the mill zones into uncertainty as they have yet to be paid for supplying sugarcane.

While talking to The Daily Star, most officials of these sugar mills directly blamed the past BNP government's policy for the situation. They said duty cuts, smuggling and increased imports had undermined the domestic sugar price and they were not prepared to sell stocks at a loss.

According to industry insiders, the country's 15 sugar mills can meet only 10-12 per cent of total national demand, with a total output of roughly 2 lakh tonnes per annum against a demand of 12 lakh tonnes.

They also blamed the ineffectiveness of the Bangladesh Sugar and Food Corporation (BSFC) for its failure to manage a stable sugar market in the country.

Sources said that of the 7 loss making sugar mills, four mills under the BSFC allegedly failed to pay out salaries, amounting to Tk 30 crore, to their staff for the last six months.

The quantity of unsold produces of the four sugar mills in Dinajpur, Thakurgaon, Panchagarh and Joypurhat reached 27,518.20 tonnes, worth about Tk 75 crore, during the period.

According to the sources in the Dinajpur Sugar Mills, 7,800 tonnes of sugar have been produced this season by the mill, whereas 7,588 tonnes of sugar have remained stockpiled as the quantity is unsold.

Thakurgaon Sugar Mills produced 10,930 tonnes, whereas 6,800 tonnes remained unsold so far. Panchagarh Sugar Mills produced 6800 tonnes and Joypurhat 14,000 tonnes. Of the quantity, the two mills failed to sell 6330.20 tonnes each.

Darshana Sugar Mills sold 4,309 tonnes of sugar until Saturday and 9,250 tonnes, worth about Tk 27crore, are still unsold.

The mill sources said an amount of Tk 3 crore arear dues for farmers still remained unpaid.

This year the mill incurred a loss of about Tk 7 crore on an average from sugar production.

Kushtia Sugar Mills incurred Tk 6.48 crore this year against the Tk1.67 crore profit last year.

The mill sold only 1,605 tonnes of sugar until Saturday and the rest 8,607 tonnes, worth about Tk 25 crore, still remained unsold.

Besides, the mill owed Tk 8.45 crore to the sugarcane growers under the mill zone.

Salaries to its employees also remained unpaid. There are 895 seasonal, 150 contractual workers, 40 permanent drivers and 60 officials in the mill.

When contacted, General Manager (Admn) Abdul Khaleque said the mill earned profit last year in its long history, but this time faced a setback with a huge quantity of sugar being unsold.

The authorities of the losing mills have uged the government to arrange loans so that they can pay out al least the arear dues of the sugarcane growers.

Bangladesh trade fair in Tokyo from October 22

STAR BUSINESS REPORT

A four-day single country trade fair of Bangladeshi products is going to kick off in Tokyo, Japan from October 22.

Japan External Trade Organisation (Jetro) and Export Promotion Bureau (EPB) of Bangladesh, which have been organising this kind of show since 1999, are stressing the 35th anniversary of diplomatic tie between the two countries through the fair this year.

A total of 26 Bangladeshi companies from six sectors including textile, jute, handicrafts, leather and ceramics will display their products at Jetro Exhibition Hall in the Japanese capital.

"I firmly believe that Bangladesh has untapped potential for expanding its market in Japan with its attractive products like jute and leather, and of course the garments," said Masayuki Inoue, Japanese ambassador to Bangladesh, at a press conference in Dhaka yesterday.

The press meet organised to announce the schedule of the fair was also attended by Md Shahab Ullah, vice chairman of EPB, and Tomohiro Kinomoto, a representative of Jetro in Dhaka.

Bangladesh imported products worth $650.53 million from Japan and exported products of $138.53 million in the fiscal year 2005-2006.

The exhibition will help Bangladesh minimise this huge trade deficit, hoped the EPB vice chairman.

Bank holiday Wednesday

UNB, *Dhaka*

Bangladesh Bank and all scheduled banks will remain closed on October 10 (Wednesday) on account of holy Shab-e-Qadr, said a central bank release.

S Korea, Asean agree on FTA on services

ANN/ THE KOREA HERALD

South Korea and Southeast Asian nations have reached a free trade deal on services, raising the possibility of finalising free trade talks by the end of this year, South Korea's Foreign Affairs and Trade Ministry said Monday.

South Korea, Asia's third-largest economy, and nine of the 10 members of the Association of Southeast Asian Nations (Asean) have been discussing to complete free trade talks on services and investment by year's end.

The proposed free trade agreement between South Korea and Asean consists of four accords on merchandise, services, investment and dispute settlement, according to Yonhap News Agency. In June this year, their free trade deal on merchandise came into force.

Thailand was left out of the merchandise free trade deal due to differences over the proposed rice market opening. But the country came back to the negotiation table with South Korea in April, the ministry said.

South Korea's trade with Asean, its fifth-largest trading partner, reached US$53.5 billion in 2005

Oil prices stable amid supply concerns

AFP, *London*

World oil prices steadied in London and New York deals on Monday, supported by global supply concerns that have pushed crude futures to record heights in recent weeks.

In London, the price of Brent North Sea crude for November delivery gained 13 cents to 78.55 dollars per barrel.

New York's main futures contract, light sweet crude for delivery in November, fell 43 cents to 80.79 dollars per barrel.

"Oil prices are still supported by fears that rising demand could outpace supply," Sucden analyst Michael Davies said.

The US Department of Energy last week reported that stockpiles of distillates, including heating fuel, unexpectedly dropped by 1.2 million barrels to 135.9 million barrels in the United States during the week ended September 28.

Industry analysts had forecast a rise of 1.3 million barrels.

New York oil prices burst through the 80-dollar level for the first time last month and went on to hit an all-time peak of 84.10 dollars. Brent oil hit a record high of 81.05 dollars per barrel in late September.

Global oil prices have more than doubled from around 30 dollars in 2003, and analysts say the forces pushing up prices show no signs of easing, with 100-dollar-per-barrel oil possible in 2008.

"The two arguments against 100-dollar oil, the ability of technology to raise new supply and the ability of prices to limit demand, are falling quickly by the wayside," said Jeffrey Rubin, an economist at CIBC World Markets.

He said strong growth in China and other developing nations has taken up any slack in demand from the wealthier nations.

"Why haven't soaring prices shackled demand? They actually have in some places like the carbon conscious economies of Western Europe," he said.

"But such reductions have become a footnote to the world demand curve, which is no longer shaped by energy consumers in the (industrialized) economies, but by the seemingly insatiable appetite of newly empowered consumers in developing countries whose economies are industrializing at breakneck speeds."

A CIBC report notes that China consumes more than double its daily production of 3.5 million barrels, while other fast-growing Asian nations like India, Malaysia and Thailand are also boosting petroleum use.

RMG firms bag $0.58m export orders from Moscow show

STAR BUSINESS REPORT

Bangladeshi readymade garment companies have bagged $0.58 million export orders from a recently concluded fair held in Moscow, Russia.

On top of the confirmed orders, the companies are also expecting $1.11 million orders, said a press release.

A total of 15 local RMG firms showcased T-shirt, woven shirt, singlet, trousers, blouse, pullover, cardigan, sock, sweater, suit, blazer and fleece at the show styled Federal Trade Fair for Apparel and Textile "Textile Legprom".

As part of its initiative to create new export markets for Bangladeshi products in Russia and other east European countries, Export Promotion Bureau (EPB) confirmed the participation of the Bangladeshi companies in the fair.

26-year-old woman China's richest person

AFP, *Beijing*

A 26-year-old female property developer tops this year's Forbes list of the richest people in China, grabbing the number one spot with a net worth of 16 billion dollars, the US magazine said Monday.

That amount also makes Yang Huiyan the richest woman in Asia, according to a statement from Forbes.

All 40 people on Forbes Asia's 2007 China Rich List are billionaires, compared with only 15 last year, it said, attributing the rise to a boom in the nation's stock and property markets.

Their combined net worth is 120 billion dollars, up more than three times from last year's 38 billion dollars, it said.

The list was published as China prepares for the opening next week of the 17th Congress of the Communist Party, where the growing gap between rich and poor is likely to be among the top agenda items.