

International Business News

Euro hits record high \$1.56

AFP, London

The euro struck a new record high against the dollar on Thursday, breaching 1.56 dollars for the first time amid mounting concerns over the US economy, dealers said.

In early morning deals, the European single currency rose as high as 1.5625 dollars.

Meanwhile, the dollar plunged below the key 100 yen level on Thursday for the first time in 12 years, falling as low as 99.80 yen -- which was the weakest level since November 10, 1995.

The US currency is under intense selling pressure because of widespread worries about a potential recession in the United States, dealers said.

Global markets were also roiled Thursday after a troubled fund backed by US private equity giant Carlyle said it expected its creditors to seize its remaining assets after failing to strike a deal on its financing.

The greenback remained on the backfoot despite Tuesday's move by the US Federal Reserve to inject 200 billion dollars into money markets.

"As suspected dollar gains were limited following the Fed's auction announcement," said Commerzbank analyst Gavin Friend.

"For the dollar, investors are becoming increasingly alert to the unfavorable mix of negative data, rising inflation expectations and the possibility of a deeper and longer lasting (US) recession."

Gold price sparkles at record high \$997.10

AFP, London

The price of gold soared to a fresh record peak on Thursday close to 1,000 dollars per ounce, propelled by the plunging value of the US currency, dealers said.

On the London Bullion Market, the price of gold jumped as high as 997.10 dollars per ounce, which beat the previous record of 994.20 dollars set earlier in the day.

After reaching new heights, gold later stood at 995.14 dollars per ounce.

Gold, which is priced in dollars, becomes cheaper for buyers using other currencies when the US unit falls in value.

The metal also won support because it is regarded as a safe haven in times of economic uncertainty and rising inflation.

On the foreign exchange market on Thursday, the euro jumped as high as 1.5625 dollars amid mounting concerns over the US economy, dealers said.

Elsewhere, the dollar plunged below the key 100 yen level for the first time in 12 years, falling as low as 99.80 yen.



A man pulls a handcart full of boxed goods along a street in the Yabaolu district of Beijing, a neighborhood fuelled by Sino-Russian trade yesterday. Chinese exports have been hit by combination of factors, including a strengthening of the local currency and weaker demand from the United States, a key market for China, where industrial output expanded by 15.4 percent in the first two months of 2008 from the same period a year ago, the National Bureau of Statistics said.

BMW net profit reaches 3.13b euros in 2007

AFP, Frankfurt

The German luxury car maker BMW posted a nine percent increase in 2007 net profit Thursday to 3.13 billion euros (4.88 billion dollars).

Analysts polled by Thomson Financial News had expected net profit of just 2.95 billion euros.

BMW's pre-tax profit fell however by 6.1 percent to 3.87 billion euros, it said in a statement.

The company added that it nonetheless expected 2008 unit sales to surpass the level set last year.

In early January, BMW said it had increased 2007 sales to 1.5 million vehicles.

After previously announcing that it would eliminate more than 8,000 posts to boost profitability, the company said Thursday that it would increase its 2007 dividend by 51.4 percent to 1.06 euros per common share.

Vietnam to hike taxes on imported cars

AFP, Hanoi

Vietnam will raise taxes on imported cars by 10 percent in a move state media Thursday said was to curb rampant traffic congestion in the communist country.

Import duty on new passenger cars will increase to 70 percent from 60 percent while used autos would be subject to an average 10 percent rise, according to a finance ministry decision.

"The decision was signed Tuesday and will take effect 15 days after being published in the official gazette," finance ministry official Ha Huy Tuan told AFP but did not give a date.

State-run media said the move was taken to curb traffic congestion but Tuan refused to comment.

Vietnam, a country of 86 million people, is facing challenges from a rapid rise in car ownership which has accompanied the booming economy, with traffic choking the streets of major cities such as Hanoi and Ho Chi Minh City.

FASHION

Designed in Bangladesh

REFAYET ULLAH MIRDHA

Millions of European and US consumers are used to finding the Made in Bangladesh label inside their shirts and skirts, but few realise that the branded fashion garments they buy may also have been designed here.

From the chic stores of Spain's Zara to the huge bargain retail parks of the US, some of the clothes on the hangers have not only been put together in the garment factories of Ashulia or Chittagong, but conceived and sketched at the very same facilities.

In an industry where the big international buyers are pressing down prices and where competition is cutthroat, design is an area where some Bangladeshi manufacturers are trying to add some value and separate themselves from the pack.

It is a development that challenges the traditional view of the country's ready made garment sector as simply a 'cut and paste' industry, where designs are sent by the buyers to be copied and manufactured at low cost factories.

"If you want to start producing value added goods that bring you a premium, you need to move towards design," explains Bharat Pratap Singh, manager of the Design Studio at Beximco Textiles.

At his studio near one of Beximco's factories at Kashimpur of Gazipur district, rows of locally designed products hang on rails ready for visiting international buyers to look at. At present Beximco counts among its clients Wal-Mart, JC Penny, Zara, Bershka, Springfield, and Mother Care and now these groups are picking some of their collections direct from Bharat's rails.

The process has taken some time to evolve as Bharat's design studio has developed its skills and experience over several years and getting to know what international buyers are looking for.

"If we are doing a men's shirt for example, we look at the colours that are coming into fashion, what are the current trends. For example, now we are looking at spring 2009 and it's about soft, light

colours and muted shades," Bharat said.

When the buyers come, they can then pick an example directly or suggest changes that make it more in line with the style they are looking for. As Beximco has long standing relationships with some groups it makes it easier to hit the right note.

"Doing a women's blouse that Zara will like is easier because we know what they are looking out for," Bharat added.

But it is not just the big names that are branching into design. TAC, a relatively small producer, based in Dhaka, has also come to realise that this is the way forward.

"Margins are very small if you are a straight forward supplier," said David Mayor, a Spaniard and managing director of TAC.

"It is very easy to set up a factory if you have a bit of money, and there is always someone who is willing to charge less than you," he said, adding, "You have to do something to add value, something to make a difference."

Yet, how do companies based in Bangladesh know what will sell to fashion conscious customers thousands of miles away in Europe or North America? Surely, it is the close understanding of exactly what a customer wants, and will want, which makes a retailer or clothes brand a success.

Bharat does not see this as a problem. "We look at the European and American markets, at what is happening in retailing. We subscribe to websites and design think tanks that give us a lot of information about the next season. In many ways we are looking at the same things as the designers in Europe."

"On top of the designs travel back and forth to Europe and North America, picking up ideas and influence. Moreover, some trends are global such as the present move towards cotton," said Bharat, a post-graduate in design from the National Institute of Fashion and Technology of India. His team of designers are a mix of international staff and Bangladeshis.



Designers brainstorm at the design studio of Beximco's textile division at Kashimpur in Gazipur.

SYED ZAKIR HOSSAIN

TAC, which is focused on the Spanish market, has taken another route by bringing in a Spanish designer. And while David admits that the distance from the market can be a problem, he sees advantages of being in Bangladesh.

Being a manufacturer, as well as, a designer means the lead times from conception to production are very short. Added to this, there is a much greater degree of flexibility. "We can launch a new design in a week, and change design in the middle of production," he said.

A belief that design will become an increasingly important part of the garment industry has spurred the development of educational programmes to groom a future generation of local designer. Already talented young designers from the Bangladesh Garment Manufacturers and Exporters Association Institute of Fashion and Technology (BIFT) and other fashion institutes are entering the market.

Selim Al-Din, a third year student of Fashion and

Design Technology at BIFT, said students are looking forward to good future, making careers as fashion designers at renowned factories.

Selim said at present at least 75 percent of production was carried out according to the buyers' designs. "I hope it will decline to 50 percent very soon as the local talented fashion designers have been coming forward with innovative ideas," he said.

But to reach such a level could take many years, and Beximco and TAC remain exceptions rather than the rule.

MA Baset, the Managing Director of Southern Knitwear Limited, said the transformation from basic products to value added items is a slow process.

"We are moving up towards value addition gradually, as this is the demand of the present market," he said.

"But it is very difficult to supply products to buyers using local fashion and design. Western buyers are very choosy," he added.

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A designer sketches at the design studio of the Beximco's textile division.

SYED ZAKIR HOSSAIN

AUTOMOBILE

Fuel-cell cars still far from showroom

AFP, Tokyo

Work is moving ahead to build a next-generation eco-friendly car running on fuel cells but it will take years to make it commercially viable, the head of auto giant Toyota said Thursday.

Japanese companies have been working to create a viable car running on fuel cells, which would produce electricity through a chemical reaction between hydrogen and oxygen, leaving water as the only by-product.

"When we first started the research and development of fuel-cell cars, some people predicted that they may be commercialised by around 2010. But that's difficult," Toyota Motor Corp. president Katsuaki Watanabe said.

"The technological advances are significant. The only problem is the cost," he told reporters.

Toyota last year reported success in a test of a fuel-cell car. The FCHV vehicle was driven about 560 kilometres (350 miles) on a single filling and finished with 30 percent of the hydrogen still in the tank.

But besides the hefty price



AFP

Katsuaki Watanabe, president of Japan's auto giant Toyota Motor, gestures as he delivers a speech during a press conference at Japan National Press Club in Tokyo yesterday. Watanabe said work is moving ahead to build a next-generation eco-friendly car running on fuel cells but it will take years to make it commercially viable.

Japanese companies have been working to create a viable car running on fuel cells, which would produce electricity through a chemical reaction between hydrogen and oxygen, leaving water as the only by-product

of the FCHV, Watanabe noted that motorists would need an infrastructure of hydrogen filling stations if they are to take fuel-cell cars on the road.

"It will probably be a long way ahead until we can start mass production, considering problems linked to difficulties in how to stock hydrogen and where to draw hydrogen from," he said.

"It'll take long time to solve these problems, but we will definitely commercialise it as I believe it is a promising power source," he said.

Toyota is widely expected this year to become the world's top-selling automaker, leapfrogging ailing General Motors.

Toyota was the pioneer of

hybrid cars, whose engines switch between petrol and electricity. The eco-friendly cars have been particularly popular in the United States at a time of soaring oil costs.

Watanabe said he hoped to go further and "make a car that can actually clean the air, so that the longer it runs the cleaner the air becomes."

He also said work was progressing with Panasonic maker Matsushita on loading cars with lithium-ion batteries of the type used in computers.

That would open the way for so-called "plug-in hybrids" that can be recharged from standard electrical outlets.

"By 2010 we hope the achievement will see customers," Watanabe said.

Like other Japanese automakers, Toyota has set its sights on customers overseas to compensate for a rapidly ageing population in its home country. Domestic sales have been levelling off at about one million vehicles a year.

But Watanabe said that the company based in central Aichi prefecture would always see Japan as its "mother country."

"I have no intention of changing our policy that the centre of research and development will be in Japan," he said.

"Of course, part of technological development already has shifted to satellite centres in the United States, Europe, Thailand, Australia and Taiwan," he said. "But the basic and core technologies will be developed in Japan."

He said that the company would keep its current level of production in Japan, which admits few unskilled immigrants, through growing use of industrial robots.

"It is important to create a manufacturing system that lets elderly people work and requires fewer people," he said.