

**TRANSTEC**  
Colour Television  
TSNF - 2102  
TRANSCOM ELECTRONICS  
8853164-8  
01712-465463

## Stocks

DGEN	0.77%
3,114.84	
CSCX	0.62%
5,695.78	

## Currencies

	Buy TK.	Sell TK.
USD	67.90	68.90
EUR	105.56	110.28
GBP	132.81	137.93
JPY	0.65	0.68

SOURCE: STANDARD CHARTERED

## Commodities

Gold	\$927.50 (per ounce)	Oil	\$133.71 (per barrel)
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SOURCE: AFP (As of Friday)

## More News

### Decision on Sheraton's new management by June

Bangladesh Services Ltd (BSL), the owning company of Dhaka Sheraton hotel, intends to take decision on appointment of a new company to manage and operate the hotel by the end of the next month. B-3

### Pricing mechanism issue comes to the fore

The pricing mechanism issue has come to the fore once again before the submission of application by Titas Gas Transmission and Distribution Company, a state-run enterprise (SoE), for getting listed on the country's prime bourse in Dhaka very shortly. B-4

## International

### Even wealthy Finland sees food queues flourish



Wealthy Nordic country Finland, which has long aimed to smooth out all class difference in its generous welfare state, has experienced growing income disparity in recent years, leaving the poor trailing ever further behind.

### Sri Lanka sharply raises fuel prices

Sri Lanka Sunday hiked the price of diesel and gasoline in a response to galloping world crude oil prices, the state-run Ceylon Petroleum Corporation said.

Petrol at the pump goes up by 30 rupees to 157 rupees (1.47 dollars) while diesel is up by 30 rupees to 110 rupees (1.02 dollars) per litre, the state-run monopoly fuel supplier said.

### British, US trade unions To merge

Britain's biggest trade union is set to announce a merger with a US counterpart to eventually create the first global labour organisation, a British press report said Sunday. B-4

## Contact Us

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# Chinese firm to shakeup animal feed market

## New Hope's Bangladesh plant could soon be country's largest

SOHEL PARVEZ

The country's multi-billion taka animal feed industry is facing a major shake up with one of China's largest animal feed producers, New Hope Group, starting production in Bangladesh.

New Hope started production at its newly built feed mill in Gazipur earlier this year, a plant that has the capacity to become the largest in the country.

Local competitors fear the entry of such a big conglomerate into the local feed industry, saying it might drive small local feed companies out of business. However agricultural analysts said it would increase competition and help farmers get quality feeds at a competitive price.

The New Hope Group has invested about Tk 35 crore in Bangladesh establishing its business. It owns 100 percent of the plant, which has an hourly capacity of 30 tonnes.

"We believe Bangladesh has a potential market. We have already started manufacturing our feeds," said Dang Zhi Min, in charge of administration, human resources and procurement of New Hope Feed Mill Bangladesh, a subsidiary of New Hope Group.

The New Hope Feed Mill, according to the official, is now producing and selling poultry feeds under its brand "New Hope". It also intends to manufacture fish feeds.

"It will be tough for small scale manufacturers to survive in the business as New Hope will enjoy low production costs due to large scale production," said Moshir Rahman, managing director, Paragon group, one of the country's biggest animal feed producers.



A file photo shows a farmer feeding chickens at a farm. New Hope, a Chinese company, has started poultry feed production as the country's about Tk 5,000 crore animal feed market is facing trouble in increasing sales due to a downturn in poultry farming.

New Hope has started operation at a time when the country's about Tk 5,000 crore animal feed market is facing trouble in increasing sales due mainly to a downturn in poultry farming, a result of the outbreak of bird flu.

Industry operators said the animal feed market, which witnessed annual growth of around 15 percent between 2001-2006, now stands between 15-20 lakh tonnes a year.

China's animal feed conglomerate, having over 100 feed mills in China, will compete with existing manufacturers to capture a slice of the pie.

At present, over 50 local animal feed producers are operating in Bangladesh with Paragon, Aftab, and Quality controlling the bulk of the market. Another one of the world's largest animal feed producers, Thailand CP Group's CP Bangladesh is also competing locally.

Moshir said the production capacity of New Hope will far outpace the existing production capacity of many local manufacturers. The total production capacity of our four feed mills is about 55 tonnes per hour while New Hope alone will produce 30 tonnes per hour, said Moshir.

Moshir also said New Hope will enjoy a comparative advantage in terms of availing bank loans at low interest rates. "It also has vast experience compared to us," he said.

However, Shah Habibur Haque, in charge of Aftab's poultry and feed businesses, is eager to compete. "We will be able to compete through our quality and marketing efforts," he said.

MM Khan, an expert on the poultry sector, was positive to New Hope's arrival. He said the entry of such a big company will increase competition and enable local farmers to get quality feeds at a competitive price.

The New Hope Group, which has businesses ranging from animal feed through real estate to finance, has also invested in Vietnam and Philippines.

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# Competition hardens on prestigious Dhaka-Bangkok route

## Best Air goes beyond border

STAR BUSINESS REPORT

Competition has intensified on the Dhaka-Bangkok route as another local private airline Best Air commenced its international operation yesterday by launching its first international flight on the route.

"It's a great feeling. We are now taking the Bangladesh's flag beyond the border. We will attract passengers through our excellent services such as on-time departure," said M Haider Uzzaman, chairman of Best Air, prior to the launching of its global operation.

Civil Aviation and Tourism Secretary Syed Mohammad Zobaer inaugurated the flight at the Zia International Airport (ZIA).

Best Air, majority stakes of which is controlled by Kuwait based Aqeeq Aviation Holding, is the third local airline to fly on the international route. The airline has been operating on the domestic routes with its single Boeing 737-200 for five months.

The airline however said that it would strengthen its fleet by adding two more Boeing-737-200 aircraft in June this year before it starts flying to new international destinations such as Kolkata, Chennai and Kuala Lumpur in July.

Analysts however said the new entrant would face tough competition on the Dhaka-Bangkok route, as the number of passengers on point-to-point basis has not increased, rather remained stable in the last couple of months.

The airline will have to compete with the four existing carriers namely Thai Airways, Biman Bangladesh Airlines,

GMG Airlines and DRUK Air with Thai Airways receiving the bulk of the passengers.

"The market will be very much competitive," said aviation industry analyst Imran Asif.

The Best Air, however, hoped to make its room through the excellence of its services such as 'on-time departure'.

According to the Best Air, it would operate four flights a week on the Dhaka-Bangkok-Dhaka route. The carrier will charge \$ 324 per passenger as fare, \$114 lower than that of the market leader Thai Airways, he said.

Industry operators said Bangladeshi health service seekers and businessmen are the main passengers on the Dhaka to Bangkok route and rate of passenger growth on point-to-point basis on the route has remained almost unchanged in the last couple of years. At present about 300 passengers travel on the route every day on average.

Abdus Sattar, chairman of GMG Airlines, said the number of passengers on point-to-point basis has not increased and entry of the new carrier might cost other carriers their existing market shares.

"The Thai Airways is getting more passengers because it offers onward flight connections," he said, adding, "Efforts are needed to expand the market."

Haider however, said the Best Air would be able to attract passengers as it is planning to go for some 30 interline agreements with other carriers that fly from Bangkok and beyond.

# Power outage, labour unrest cost jute mills corp Tk 100cr

SAJJADUR RAHMAN

Power failure and labour unrest caused a Tk100crore loss to the cash-struggling Bangladesh Jute Mills Corporation (BJMC) in the first nine months of the current fiscal year, BJMC sources said.

The loss in terms of production was 21,046 tonnes of jute during the July-March period in FY2007-08. Lay-off and strike caused 12,129 tonnes less production of jute, power disruption caused 8,516 tonnes less output, while labour unrest led to the less production of 401 tonnes.

"The loss in terms of monetary value has been estimated at Tk 98.9 crore on the basis of the BJMC's selling price this year," a senior official of the corporation told The Daily Star.

The BJMC sells jute goods this year at Tk 47,000 per tonne, which was Tk 43,000 per tonne last year.

The corporation fetched Tk 379 crore from exports of 81,383 tonnes of jute goods and Tk 50 crore from sales of those in the local market during the July-March period, according to official statistics.

The earnings were Tk 438.5 crore from exports of 102,069 tonnes of jute goods and about Tk 77 crore from the local markets sales in FY2006-07.

"This year the jute price is quite good about 10 percent higher than that in the last

year," a BJMC official in the marketing department said. He said: "The demand is high this year, but we can't meet it due to production loss for power outage and strike."

The official said many buyers from India, China and some other African countries are keen to purchase jute goods, but the BJMC can't satisfy their needs.

In 2007 and earlier 2008, the BJMC faced labour unrest and strike following non-payment of workers' wages and announcement of lay-off in some jute mills in the country, particularly in Khulna region.

"But what can we do with the continuous power failure that caused a production loss of 8,516 tonnes worth Tk 40 crore in just nine months," BJMC Chairman Ataharul Islam said.

He said the BJMC is trying hard to get soft loans for installation of generators at the jute mills.

"Negotiations are going on with the government and some banks on the issue," Islam said.

He said a project was included in this fiscal's annual development programme to install generators at the jute mills, but there was no progress yet.

The BJMC chief said the jute mills face a power outage for 6-7 hours a day on an average.

"We are also thinking of demanding compensation from the power providers for their failure," Islam added. sajjad@thedailystar.net

# Sales of IPS units jump on load shedding

## Middle class households battle against power outages

SAYEDA AKTER

Sales of Instant Power Supply (IPS) units have jumped sharply this year as the urban middle class has joined businesses in trying to shield themselves against the constant round of load shedding.

The increased sales come despite a rise in the price of IPS units by around 30 percent. Sellers blame the price rise on the higher cost of raw materials used in the units and difficulties in meeting demand.

In the first five months of 2008, around 55,000 IPS units were sold according to industry sources. This compares with 80,000 in the whole of 2007.

Sales are at their peak in the summer months reflecting the warm weather and the high level of load shedding. However this year traders are predicting that the strong sales trend will continue for several more months as householders, seeing no quick fix to the power crisis, are prepared to invest sizable sums in securing power supplies.

The most commonly available IPS units on the local market range from 250 VA (volt ampere) to 10 KVA (kilo volt ampere). A 250 VA IPS usually has the capacity to run one light and one fan while a 10 KVA IPS has the capacity to run 10 lights and two air conditioners.

Industry people said the major demand for IPS units is in the range from 250 VA to 550 VA and the customers are mainly the urban middle class.

In the past two months the price of IPS units have shot up, in many cases by as much as 30 percent, according to traders.

The 250 VA IPS now costs around Tk 11,000 and a 350 VA with a capacity of



Customers enquire about Instant Power Supply (IPS) units as a salesman (right) briefs them at GMG Stores at Stadium Market in Dhaka yesterday.

running two lights and two fans costs Tk 16,000.

Rahimafrooz, a local company, is the market leader in IPS unit sales. The group imports components for IPS units, produces batteries and then markets them.

Yamin Sharif, general manager of marketing at the Rahimafrooz, said, "The price of materials for producing batteries, such as copper and silicon sheet has increased that forces us to increase the price."

He said half of the cost depends on the battery and the rest on the control unit, also called the inverter.

"We have charged extra five percent of price for batteries, but many other companies have increased the price up to 25 to 30

percent," he said.

Quamrul Islam, sales manager of Rangs Electronics, said the price rise was also the result of rising local demand.

"Usually, the demand remains high in summer, but this year the demand is rocketing. This means we often struggle to meet the demand," he said.

"As most of the time we import IPS units, we feel pressure to order and manage things in a short time. This means we have to spend more to import it, which causes the price rise this year," he added.

He also noted the increased price of battery, as major reason for price rising.

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# Govt urged to lift restrictions on taking foreign loans

STAR BUSINESS REPORT

The country's apex trade body has urged the government to lift restrictions on borrowing by exporters from foreign countries.

Annisul Huq, president of the Federation of Bangladesh Chamber of Commerce and Industry (FBCCI), demanded it yesterday at a pre-budget meeting with Finance and Planning Adviser Dr AB Mirza Azizul Islam at the Planning Ministry.

"We have made the demand as interest rates in the local banks are too high," Huq said, pointing to the fact that businessmen had long been demanding a cut in such interest rates.

Earlier, Bangladesh Knitwear Manufacturers and Exporters Association (BKMEA) on Wednesday also made the same plea before the finance adviser.

The FBCCI chief said if the government allows the businesspeople to take foreign loans, the pressure on local banks, now in a liquidity crisis, would also reduce significantly.

"In line with our demands, the banks agreed to give loan at 14 percent interest in the industrial sector. But we had proposed 12 percent. We can take loan from outside the country at a 7 percent interest rate," Huq said.

He said the FBCCI also asked the government to give businessmen a 'last chance' to legalise their money that has remained undeclared.