

Stocks

DGEN 0.86%
3,128.66

CSCX 1.12%
5,745.46

Asian Markets

MUMBAI 1.53%
16,525.37

TOKYO 1.32%
13,709.44

SINGAPORE 0.56%
3,132.78

SHANGHAI 2.48%
3,459.03

Currencies

	Buy TK.	Sell TK.
USD	68.05	69.05
EUR	105.29	109.90
GBP	132.74	137.90
JPY	0.65	0.68

SOURCE: STANDARD CHARTERED

Commodities

	Gold	Oil
	\$895.72 (per ounce)	\$126.98 (per barrel)

SOURCE: AFP

More News

Consumer credit ratings,
long overdue



Online shopping has revolutionised shopping as a consumer can compare products from a variety of vendors, without even having to leave his/her home. Unfortunately, consumers in Bangladesh are yet to enjoy the benefits of web shopping due to restrictions on internet payment and lack of access to credit.

B-4

New markets for skilled workers opening up

The opportunities for employment of skilled Bangladeshi workers are opening up in North American and European countries according to latest official disclosure. Foreign Adviser Dr Iftekhar Ahmed Chowdhury, also in charge of the Ministry of Expatriates Welfare and Overseas Employment, expressed his happiness at the good news.

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International

Oil prices slip under \$127

Oil prices slipped back under 127 dollars on Wednesday, falling further from record highs amid concern about the strength of US energy demand while traders digested Indonesia's exit from Opec. New York's main oil futures contract, light sweet crude for July delivery, lost 1.87 dollars to 126.98 dollars, after shedding more than three dollars on Tuesday.

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Contact Us

If you have views on Star Business or news about business in Bangladesh, please email us at business@thedailystar.net

RMG buying houses boom as China business cost up

200 buying houses spring up in five months in Bangladesh

REFAYET ULLAH MIRDHA

Readymade garments (RMG) buying houses, both local and foreign, now grow rapidly in Bangladesh, as the country has become a lucrative place for RMG outsourcing on the appreciation of Chinese currency against the greenback.

As part of their business expansion, foreign buying houses are eyeing to set up more liaison offices here. The buying houses including M&S, Adidas and Tesco have already published advertisements in newspapers to recruit experienced merchandisers for such liaison offices to collect RMG products at a competitive price from local garment units.

Industry insiders said many Chinese apparel manufacturers have either changed their businesses or stopped production following the decline in foreign buying orders and higher cost of doing business due to a hike in workers' wages.

Buying house is a hub for sellers comprising of leading manufacturers, exporters and suppliers, displaying their latest and trendiest collection of apparels to a huge audience round the year.

Buyers from across the world can meet sellers at this permanent showroom and source their products as per their exact specifications.

Bangladesh is the world's 5th largest producer of textiles and garments.

Talking to The Daily Star, Kazi Iftequer Hossain, the owner of Total Apparel, a local buying house, said the number of buying houses that have sprung up in 2008 is 200, while the number was 150 last year.

"Of the total outsourcing of apparel items from the local market, 60 percent is done through foreign buying houses and 40 percent by the local ones," Hossain said. He said in every month at least 6 buying houses are coming into operation now.

President of Bangladesh Buying House Association (BGBA) Qayum Reza Chowdhury said there are more than 1000 local and foreign buying houses in the country.

"Many Chinese manufacturers stopped exporting apparel items as they can hardly make profit at more than 2 percent. Rather they can make profit at 10 percent if they sell the RMG products in their local market," Chowdhury said.

He said Russia and Uzbekistan are going to be major destinations for Bangladesh RMG products as the buyers of those countries are moving to Bangladesh instead of China to place huge orders.



The photo shows workers at work in a RMG factory. The country has become a lucrative place for RMG outsourcing on the appreciation of Chinese currency against the greenback

Meanwhile, Nurul Islam, managing director of Noman Group, country's one of the largest home textile producing companies, said the demand for RMG products from foreign buyers has marked a 30 per cent rise in the first 11 months of the current fiscal, compared to the corresponding period last year.

"We have a target to export RMG products, especially home textile worth US\$20

million a month from 2009. At present the group is exporting products worth \$12 million a month," Islam said.

The overall orders for RMG products also increased by 30 to 40 percent this fiscal, he said, pointing to the fact that foreign buyers are not offering higher prices for the item.

Echoing Nurul Islam's view, Nassa Group Managing Director Nazrul Islam Swapan

said the country is getting more export orders because foreign buyers lean towards Bangladesh because of the high prices of apparels made in China, the world's largest apparel manufacturing country.

At present, Nassa Group has 38 garment factories and it has a target to export \$300 million in 2008, Nazrul said.

reefat@thedailystar.net

Uncertainty descends on Bangladeshi workers in Bahrain

STAR BUSINESS REPORT

Around one lakh Bangladeshis working in Bahrain are faced with uncertainty as the Gulf country confirmed on Tuesday that it will not renew their work permits once those expire, Bahraini newspaper Gulf Daily News reported yesterday.

Meanwhile, Bahrain's industry officials said the decision to ban Bangladeshis from working in the country would hit hard the small construction companies that depend on cheap labour from Bangladesh.

Bahrain took the decision following demands of a group of lawmakers to expel Bangladeshi employees from the country in reaction to death of a Bahraini allegedly killed by a Bangladeshi on May 23.

Dr Abir Chaudhury, who works as a general physician at Shifa Al Jazeera Medical Centre, said the decision would lead his personal life and career to jeopardy.

"I had a long-term plan to work here, but all my dreams have been shattered," he said, adding that he has a car loan and other obligations there.

"I have been here for almost 13 years and renewed my visa only a couple of months ago," said Nexus Financing Services' consultant Mohammed Ghulam Rabbani.

Charge d'Affaires of

Bangladesh embassy in Bahrain Saiful Islam told the Gulf Daily News that they held an emergency meeting with more than 30 community leaders to discuss the issue on Tuesday night.

"We called all the Bangladeshi community leaders to the meeting to tell them to pass the message on to people to abide by the rules and regulations of Bahrain," he said.

Meanwhile, Samir Nassa, chairman of the contractors' committee of Bahrain Chamber of Commerce and Industry, said the ban will certainly affect the ongoing construction projects, especially of the smaller contractors.

"There are many construction firms that rely on the cheap labour from Bangladesh. They will obviously feel the impact more," said Nassa.

Terming the ban wrong, he said it came at a time when the country was facing manpower dearth.

Nassa said the ban is not the answer. "The whole community cannot be targeted for the deed of one man."

Expatriates' welfare Secretary Abdul Matin Chowdhury told The Daily Star that decision of any country must be respected.

"We should keep cool and continue to discuss with our counterpart to bring an amicable solution."

Beximco Pharma's profit drops 23pc

Price hike of raw materials blamed

Beximco Pharma at a glance	
Established in 1976 and commenced manufacturing operation in 1980	
Total assets	Tk 11,953,418,940
Gross Profit	Tk 1,629,514,837
Shareholders Equity	Tk 8,250,939,647
Net sales revenue	Tk 363,597,024,812
Earning per share (of Tk 10/-each)	Tk 3.08

JASIM UDDIN KHAN

Beximco Pharmaceuticals annual profit dropped 23.6 percent in 2007 due to significant price hike of raw materials in the international markets.

The country's leading medicine maker reported that its profit after tax in 2007 amounted to Tk 35.30 crore, down from Tk 47.06 crore in 2006.

Beximco Chief Executive Officer (CEO) Nazmul Hassan said the profit dropped as price of raw materials for most of the pharmaceutical products increased significantly in the global market.

Hassan said prices of raw materials, imported mainly from China and India, have increased by 20 to 100 percent in the last one year.

Bulk drug prices of several vitamins have increased to Tk 3,500 per kg from Tk 1,300 per kg while the cost of Glycerin and Saccharine, the two essential components for producing any syrup and other liquid medicine, has increased sharply. Hassan, also the general secretary of Bangladesh Association of Pharmaceuticals Industries (Bapi), added.

Besides, maximum retail prices of some 109 essential drugs, listed by the government, cannot be increased without approval of the

Directorate of Drug Administration.

Hassan said Beximco applied to the government for increasing maximum retail price of some essential drugs to minimize the loss of the company as well as to maintain the quality and standard of its products.

According to its annual financial statement Beximco's profit before tax dropped to Tk 39.97 crore in 2007 from Tk 52.32 crore in 2006.

Company's year on year net sales revenue also declined for the first time in its history to Tk 360 crore in 2007 against Tk 370 crore in 2006.

The cash and cash equivalents of the company also dropped to Tk 8.56 crore by the end of 2007 from Tk 58.10 crore in 2006.

The company has declared a cash dividend of Tk 0.50 per share and stock dividend of one share for every 10 shares and promised its shareholders a better financial performance in 2008 and beyond.

The earning per share also declined to Tk 3.08 from Tk 4.11 in 2006.

Beximco Pharma produces and markets 'branded generics' for almost all diseases from AIDS to cancer, infection to asthma, hypertension to diabetes, for both domestic and international markets. jasim@thedailystar.net

Marico plans skin care clinics

SOHEL PARVEZ

India's hair and skin care conglomerate Marico wants to ascertain the prospect for opening its Kaya brand skin care clinics in Bangladesh, its chairman and Managing Director Harsh Mariwala has said.

"There is a feeling that there is a very good potential here for this sort of services. We will commission a market research to determine the size of the market for skin care clinics in Bangladesh," he said.

Mariwala on Tuesday shared the idea during a visit to Dhaka to meet local business leaders and high officials of Marico Bangladesh Ltd, local distributor of parachute brand coconut oil, and Aromatic and Camellia soap.

Parachute, the flagship brand of the US\$477 million worth Marico, now controls



Harsh Mariwala

majority stake in Bangladesh's about Tk 300 crore coconut oil market, registering a double-digit growth in the last couple of years.

The Marico launched its Kaya Skin Clinic four years back to offer modern skin care solutions to beauty conscious people.

"If there is market potential

of certain critical mass, we may start opening skin care clinics in Bangladesh," he said, adding, "We may start with two or three clinics and then, over a period of time, we may further expand our operation not only in Dhaka but also out of Dhaka."

The Chairman said Marico would determine the size of investment based on the business potentials in skin care clinic segment.

"If the potential is good we will not hesitate to invest," Mariwala said.

Marico -- operating in both domestic and global markets such as the Middle East, South Africa and Bangladesh -- has been marketing its parachute brand coconut oil over the last ten years.

So far, the group has invested over Tk 75 crore in Bangladesh in two business segments setting up of a para-

chute oil packaging factory and acquisition of aromatic and camellia brand soaps, according to its Chairman.

The Marico earned a turnover of Tk 200 crore last year from the sale of its parachute brand coconut oil.

He said the Marico's experience in Bangladesh has been very positive. "Presently, we are sourcing almost all the raw materials for the product locally except the copra," Mariwala said.

However, the group has not been able to consolidate its position in soap segment due to stiff competition from both local and multinational ones including the market leader Unilever.

The Marico, which acquired Aromatic and Camellia brand soaps at about Tk 40 crore, has been able to gain a market share of less than 5 percent out of about Tk 200 crore soap

market, with an annual growth of about 12 percent, its officials said.

"In soap, our objective is to expand the existing market share. For this we will have to be innovative and offer something unique to consumers," he said, "We also have to go through a learning process as we are not experienced in soap business as in coconut oil."

Mariwala was however enthusiastic about the business potential in Bangladesh. "Our experience in the last 10 years is very positive. We have not faced any problem with government or regulatory authority," he said.

"We have always had a long term outlook on the economic prospect of the country," the Chairman said, "The fact is we are a long term player and we will continue investing in the economy."

sohel@thedailystar.net

FAO summit offers forum to fight hunger

AFP, Rome

A summit next week hosted by the UN food agency will provide a key opportunity to relaunch the fight against hunger and poverty in the developing world, the Food and Agriculture Organisation said Wednesday.

The three-day gathering starting Tuesday "will offer a unique forum for world leaders to adopt the policies, strategies and programmes that are required to overcome the new challenges to world food security," the Rome-based agency said.

"We hope that world leaders coming to Rome will agree on the urgent measures that are required to boost agricul-

tural production, especially in the most affected countries," FAO Director-General Jacques Diouf said in a statement.

He added that "at the same time (the measures should) protect the poor from being adversely affected by high food prices."

Several heads of state and government are expected at the summit on food security, global warming and the rising demand for biofuels.



Japanese Prime Minister Yasuo Fukuda shares a smile at the inauguration of African Fair 2008 on the sidelines of Tokyo International Conference on African Development that began yesterday. Japan vowed yesterday to help African nations double rice production within a decade. (Story on B-3)