

International Business News

China's fixed asset investment in textiles slows down

XINHUA, Beijing

The fixed asset investment (FAI) in China's textile and apparel industry kept slowing down in the past seven months.

Those projects with a fixed asset investment size of above 5 million yuan each have realized an accumulative 153.410-billion-yuan investment in this period, up 13.14 percent year on year, with the growth rate 12.60 percentage points lower than 2007. The new projects going into production totaled 3,796, down 10.47 percent from the year-ago period, according to data released by China National Textile & Apparel Council (CNTAC).

According to WebTextile.com, a professional textile website in China, the manufacturers earn only 10 percent of the entire profit, while the other 90 percent goes to brand owners, wholesalers, distributors and retailers. This is part of the reason why the fixed asset investment growth kept declining.

The textile sector's FAI rose 6.81 percent on year to 86.501 billion yuan, the clothes, shoes and hats sector climbed 20.03 percent of 47.229 billion yuan, the chemical fiber sector achieved a growth of 31.24 percent to 16.288 billion yuan, and the equipment manufacturing sector increased 18.86 percent to 3.392 billion yuan.

Shangdong, Jiangsu and Zhejiang are the top three provinces leading FAI in textiles in China, taking about 45.43 percent of the country's total. (US\$1=6.84YUAN)

Emirates expands long-range 777 fleet

AFP, Dubai

Dubai's Emirates airline on Saturday took delivery of two long-range Boeings, a 777-200LR and 777-300ER, bringing the carrier's all wide-bodied passenger fleet to 111 aircraft.

Costing more than 500 million dollars, the two new airliners will be used on routes to and from north and south America, the United Arab Emirates' WAM news agency reported.

It quoted Emirates group chairman Sheikh Ahmed bin Saeed Al-Maktoum as calling the 777 "the mainstay of our ultra long-range operations."

The carrier has 63 Boeing 777s, and is set to become the world's largest 777 operator with another 39 of the airliners on order, worth 10.1 billion dollars at list prices.

Emirates is also the biggest customer for the huge European Airbus A380 manufactured by Boeing's main rival, with 58 firm orders for the A380 out of a total of 198 placed with manufacturer EADS.

In July, Emirates received the first of its 58 Airbus 380s on order, and earlier on Saturday an Emirates spokeswoman said delivery of the second may be delayed by several weeks.



A Saudi woman buys commodities from a street vendor in the Red Sea city of Jeddah yesterday, one day before the start of the holy month of Ramadan. Muslims across the world are preparing for the fasting month of Ramadan, which will this year take place amid sharp hikes in food prices and in many countries an ever-present fear of violence.

Hynix urges Japan to scrap chip duty

AFP, Seoul

South Korea's Hynix Semiconductor on Sunday urged Japan to immediately scrap punitive tariffs on its memory chips following a ruling by the World Trade Organization.

The WTO ruled in May that the Japanese government should remove duty on dynamic random access memory (DRAM) chips made by Hynix, the world's second largest chipmaker, by September 1 this year.

Tokyo said Friday it would lower the duty from 27.2 percent to 9.1 percent but pledged to maintain the tariff until 2010, Hynix said.

"Japan's decision is very disappointing... The South Korean government should take immediate actions against the move," Hynix said in a release carried by Yonhap news agency.

Japan imposed the five-year punitive tariffs on Hynix in 2006, citing an "unfair" bailout of the then troubled company by its creditors in 2002 and its alleged dumping of DRAM chips in Japan.

Kuwait inflation spurred by external factors

AFP, Kuwait City

Governor of the Central Bank of Kuwait Sheikh Salem Abdulaziz al-Sabah has said inflation in the oil-rich emirate, which has hit record levels, is mainly caused by external factors.

"Inflation in Kuwait is imported... since the country imports most of its commodities from abroad," Sheikh Salem said in statements cited by the official KUNA news agency late Saturday.

External factors such as prices in exporting nations, insurance fees and transport costs influence Kuwaiti imports, said the governor, adding that 30 percent of Kuwaiti imports come from Europe and 14 percent from the United States.

"The only domestic factor affecting inflation is the rate of exchange of the dinar which is under control," Sheikh Salem said.

ANALYSIS

Garment industry in shadows of violence

Both workers and owners seek solution to seemingly endless setback

REFAYET ULLAH MIRDHA

Complaints are endless. Defence is strong.

Rising prices of essentials, unpaid salaries, the government's inaction and absence of responsible trade unions are the common triggers in the recent unrest in garment factories, said a labour leader yesterday.

According to Sammito Garment Samik Federation President Nazma Akter, the list of causes for the prevailing unrest in a sector that exported \$10.699 billion worth of products last year is almost endless.

Nazma continued that absence of good relations between workers and owners, misbehaviour of mid-level officials and deferred payments to workers are some other problems that dog the RMG sector.

Opposing Nazma's view, owners and their leaders have said that administrative failures of the government, "conspiracy" from outside and lax implementation of law and order are to blame.

At several press conferences, garment owners and leaders demanded exemplary punishment to the "real culprits" and introduction of industrial police to bring peace to the RMG sector.

In tune with the owners, Nazma, who was a member of the minimum wage board formed after the massive labour unrest in 2006, said unrest must be stopped at any cost as the sector is considered one of the main pillars of the economy.

Unrest in sweater factories originated from anomalies in the count of sweater items made by workers and the records of some mid-level officials. Officials attempted to pay less by forging the actual production list of items produced over the month, she alleged.

On the most recent violence that took place at Konabari in Gazipur on Saturday, Nazma said hundreds of workers took to the streets when they heard that the police had arrested at least



This file photo shows garment workers taking to the streets for better pay.

15 workers of Standard Garment, a concern of Standard Group, for their alleged involvement in vandalism.

The police fired about 30 rounds of teargas shells and over 100 rubber bullets in Konabari to tame the demonstrating workers who reacted following news of the arrests of workers. Nazma said the unrest spread like forest fire to other factories.

Asked to comment, a senior official of Standard Group claimed that they had a good reputation of disbursing due payments in time. "Standard Group's exports may cross \$145 million this year," the official said.

In the quest for a solution to the seemingly never-ending dilemmas, Nazma said: "There is no alternative to increasing the salaries of workers, as the

prices of essential commodities went beyond their reach."

The minimum wage of Tk 1,662.50 per month for the workers is so minimalist that workers cannot make ends meet, she said. The workers have to spend about 60 percent of their monthly earnings on food.

Nazma said the government, trade union leaders, garment owners and leaders should call immediate meetings to settle the issues, once and for all.

"First of all, we need an effective platform comprising government agencies, owners and leaders to resolve the issues of labour unrest through negotiations," she said.

However, both Bangladesh Garment Manufacturers and Exporters Association

(BGMEA) and Bangladesh Knitwear Manufacturers and Exporters Association (BKMEA) reached a consensus to increase the salary of the workers. They have already submitted a proposal to Commerce Adviser Hossain Zillur Rahman yesterday.

A senior official of BGMEA said they would announce their food rationing programmes for the workers for Ramadan. An announcement is likely to come today.

"We have a broad plan of action for rationing different food items for the workers during Ramadan," she said.

After submitting the proposal, BKMEA President Fazlul Hoque told The Daily Star that the government would announce the new salary hike soon, in line with the recommendations of both the associ-

ations. "We need better understanding and communication between the owners, workers and labour leaders to find a long-term solution," Hoque said.

The BKMEA said the causes for most of the recent labour disputes were not solely due to demand for salary increments. "The nature of the unrest clearly indicates that there was an involvement of outsiders," he alleged.

Hoque claimed that the compliant factories, worst affected by the violence, actually paid higher wages than competitors.

Industry insiders said most acts of vandalism took place in the hubs of Ashulia, Savar and Maona -- home to 60 percent of the factories.

According to BGMEA

President Anwar-Ul-Alam Chowdhury Parvez, the sweater factories accounted for 90 percent of the recent labour unrest.

Parvez also said the sweater factory workers were young and were easily agitated with the slightest trigger.

At a recent emergency meeting with the Federation of Bangladesh Chambers of Commerce and Industry (FBCCI), Parvez had said that 147 of the 4,500 garment factories across the country had been affected from January to August 19.

In most cases, groups of outsiders vandalised the factories -- sometimes in the presence of law enforcers -- in the name of workers, he claimed.

Bangladesh earned \$14.110 billion in exports in fiscal 2007-08, registering growth of 15.87 percent over the previous fiscal year, according to the Export Promotion Bureau.

Exports were boosted mainly by a rebound in readymade garment sales, the EPB data showed.

Of the total export earnings, only woven and knitwear, the two sub-sectors of RMG, fetched \$10.699 billion during the last fiscal year, the EPB data showed.

Of the total RMG products, the knitwear sub-sector fetched \$5.532 billion in the July-June period, up 21.50 percent over the past fiscal year.

In 2006-07, knitwear exports were worth \$4.553 billion. In 2007-08, woven garments fetched \$5.167 billion, registering growth of 10.94 percent over the same period of 2006-07.

The export target for woven garments was set at \$5.400 billion in 2007-08 while the total exports of woven in 2006-07 were \$4.657 billion.

A relatively peaceful political environment, appreciation of currencies in many countries against the dollar and aggressive marketing drives helped the RMG sector maintain the export boom, industry insiders said.

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COLUMN

HABIBULLAH N KARIM

Reaching out to Bangladeshis, everywhere

In an article written for the June 2008 IT Outsourcing seminar, organised by the New Jersey (USA) chapter of the Association of American Bangladeshi Engineers and Architects (AABEA-NJ), I have written about the promise and pitfalls of the IT industry in Bangladesh and what the country could do to move forward and join the ranks of the regional IT powerhouses as an outsourcing destination of choice.

One of the 'what to do's' had to do with mobilising and leveraging the social networking power of the Bangladeshi diaspora. There are more than three million Bangladeshis working overseas. Another two million people of Bangladeshi origin are living as immigrants permanently settled in other countries of the world. This five-million-strong Bangladeshi diaspora could be the best brand ambassadors for the country of origin, provided, firstly that they are willing to be so and secondly that the country offers them things to root about.

The first point, though

appears so self-evidently obvious, however, cannot be taken for granted. Many persons of Bangladeshi origin, or PBO for short, have been so benumbed by political upheavals of the last three decades and the continued negative portrayal of our land in foreign media that they are in a state of denial about their country or origin. So much so



some pretend not to be from here originally.

All of this is very sad but true. It would not have been a problem if the pretension ended there. What has been obvious to me, in my frequent interactions with PBO in high professional stature over the last three decades, is that in case of many, the denial becomes the truth and they really appear to believe the sporadic negative images of the country that are served in

isolation from reality in most foreign media.

In recent years though many expatriates have resettled back home and there appears to be a gradual warming up of PBO to their original home. That's highly encouraging. Moreover we have today a number of national celebrities who have of late become global icons and that

time.

Twenty-five software and IT-enabled services companies, including 16 exhibitors, will be displaying their wares at the mega IT outsourcing event scheduled for October 14-16. The software and IT services industry expects high-level government representation at the event as well.

Now is the chance for the

business process outsourcing (BPO) to visit the Bangladesh pavilion at the Outsource World New York, they could arrange post-exhibition meetings for the BASIS representatives to project facts and potentials of the local IT industry, they could encourage the chief information officers (CIO) at their places of work to consider Bangladesh

time for us to put our best foot forward and help the outsourced-service buyers in USA and elsewhere mitigate their budget pressures and concentration risks (a.k.a. risk of putting all your eggs in one basket).

What is in it for the Bangladeshi expatriates? For a starter, with better knowledge and dissemination of Bangladeshi IT capabilities, the expatriates will be able to hold their own when other South Asians gloat in their IT exploits at a party! But, seriously folks, this would certainly give you the opportunity to engage with your home country with professional and national pride wrapped in one.

The Bangladeshi contingent will also participate in the AABEA bi-annual convention being held on October 25-26 in Dallas and eagerly looks forward to meeting and engaging with the PBO from New York, Dallas and all over, in October.

With the outsourced service prices rising steeply in recent months in the traditional strongholds of IT outsourcing countries and Bangladesh being on top of the list of next wave of potential IT outsourcing countries in terms of population and IT strengths, now is the crunch

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