

Stocks

DGEN ▼ 1.07%
2,480.62

CSCX ▼ 0.06%
5,048.56

Asian Markets

MUMBAI ▼ 2.62%
9,715.29

TOKYO ▲ 0.52%
8,612.52

SINGAPORE ▼ 0.16%
1,779.29

SHANGHAI ▲ 0.09%
1,976.82

Currencies

	Buy Tk	Sell Tk
USD	68.50	69.50
EUR	94.82	99.56
GBP	105.17	110.23
JPY	0.76	0.81

SOURCE: STANDARD CHARTERED BANK

Commodities

Gold ▲ \$855.15
(per ounce)

Oil ▲ \$47.98
(per barrel)

SOURCE: AFP

(Midday Trade)

More News

Brand Bangladesh well



A strong marketing campaign, which has been done successfully by many countries, can put Bangladesh in the ranks of emerging economies, said a top Citi NA official. Bangladesh is now a frontier market. The economy has been growing at the 5 percent plus rate since mid-1990s.

B-4

Aziz criticises audit officials for bias

Finance Adviser AB Mirza Azizul Islam yesterday criticised officials of the audit and accounts department, saying that many of them often submit biased opinion on the accounts to remain in the good book of the leaders of political government. "Present the opinion honestly and objectively."

B-3

International

AirAsia offers 100,000 free tickets to Thailand

Budget carrier AirAsia on Wednesday offered 100,000 free tickets to Thailand to lure back foreign visitors after a siege of Bangkok's airports by anti-government protesters. The airline said the seats would be available between Wednesday and Friday.

B-4

Contact Us

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

Leather exports may suffer slump

SAYEDA AKTER

A 25 percent drop in leather exports is likely this year, influenced by a slump in demand in international markets, despite higher collection of rawhide, industry experts fear.

"Owing to the global financial crisis, demand for finished leather and leather goods has dropped in international markets. This will ultimately affect our leather exports," said Rezaul Karim Ansari, chairman of Bangladesh Finished Leather, Leather Goods and Footwear Exporters Association (BFLLEA).

"We have to look far and wide for potential buyers who will offer high prices for our leather. This has created insecurity over reaching export targets set for the year," he said.

"We still have a huge stock of unsold finished leather, which we could not sell because of the decline in international market prices," he said.

The prices of finished leather and leather products may drop up to 40 percent this fiscal year.

"Such a drop will directly hit the 195 tanneries in the country," Ansari said.

He said the price of per square foot of finished leather declined from \$4.70 to \$4.20 in the last two months because of the global financial crisis.

The price of finished leather was



\$4.95 per square foot in fiscal 2006-07, which declined to \$4.70 last fiscal year, according to Bangladesh Bank data.

Industry people predict the global economic crisis will further take a toll on this industry and reduce consumption, and eventually prices.

The chief of the trade body for the leather sector said the industry is going to face serious consequences this year, as exports of finished leather has already marked a 20 percent decline in the first quarter of the current fiscal year.

Bangladesh has plenty of rawhide, as

every year thousands of cattle are slaughtered to celebrate the Muslim religious festival of Eid-ul-Azha. This year, more than 29 lakh cowhide and 45 lakh goatskin has been collected.

Leather is one of the most important export items of the country, as it attracts impressive foreign currency. Some of the most common leather items are shoes, bags and purses.

Currently, the overall market size of the leather industry is around Tk 3,500 crore a year, with export figures standing at \$284 million in 2007-08, said industry people.

However, this year, the prices of rawhide have declined by more than 50 percent in the local market. The prices of 20 feet of cowhide stood at Tk 650, which was Tk 1,300-Tk 1,400 earlier. The price of every square foot of rawhide was fixed at Tk 30 in Dhaka and Tk 25 for outside Dhaka.

Retail rawhide traders blamed tannery owners and leather merchants for this decline in the price. They claimed that the tannery owners and leather merchants refused to offer higher prices, to maximise their own profit.

However, industry leaders denied such accusations saying that exporters have no control over the global situation.

Ansari said as the local consumption of finished leather is less than five percent, fluctuations in the prices of leather and leather goods depend upon the international market.

He urged the government to provide 20 percent cash incentives on exports to safeguard the industry.

Earlier, the government disbursed Tk 275 crore loans for the leather sector to collect rawhide this year, through three state-owned banks - Sonali, Janata and Agrani.

Harun Chowdhury, chairman of Bangladesh Association, said most of that loan money has been

rescheduled for adjusting the stakeholders' previous loans. So, tannery owners actually received a small amount of that loan money in hand to purchase rawhide.

He suggested that the government should take necessary measures to preserve this industry and provide cash incentives immediately to overcome the situation.

"In this situation, we should wait for higher prices in the international market, instead of selling stock immediately," he said, emphasising government allocation of funds to bridge the gap in the interim period.

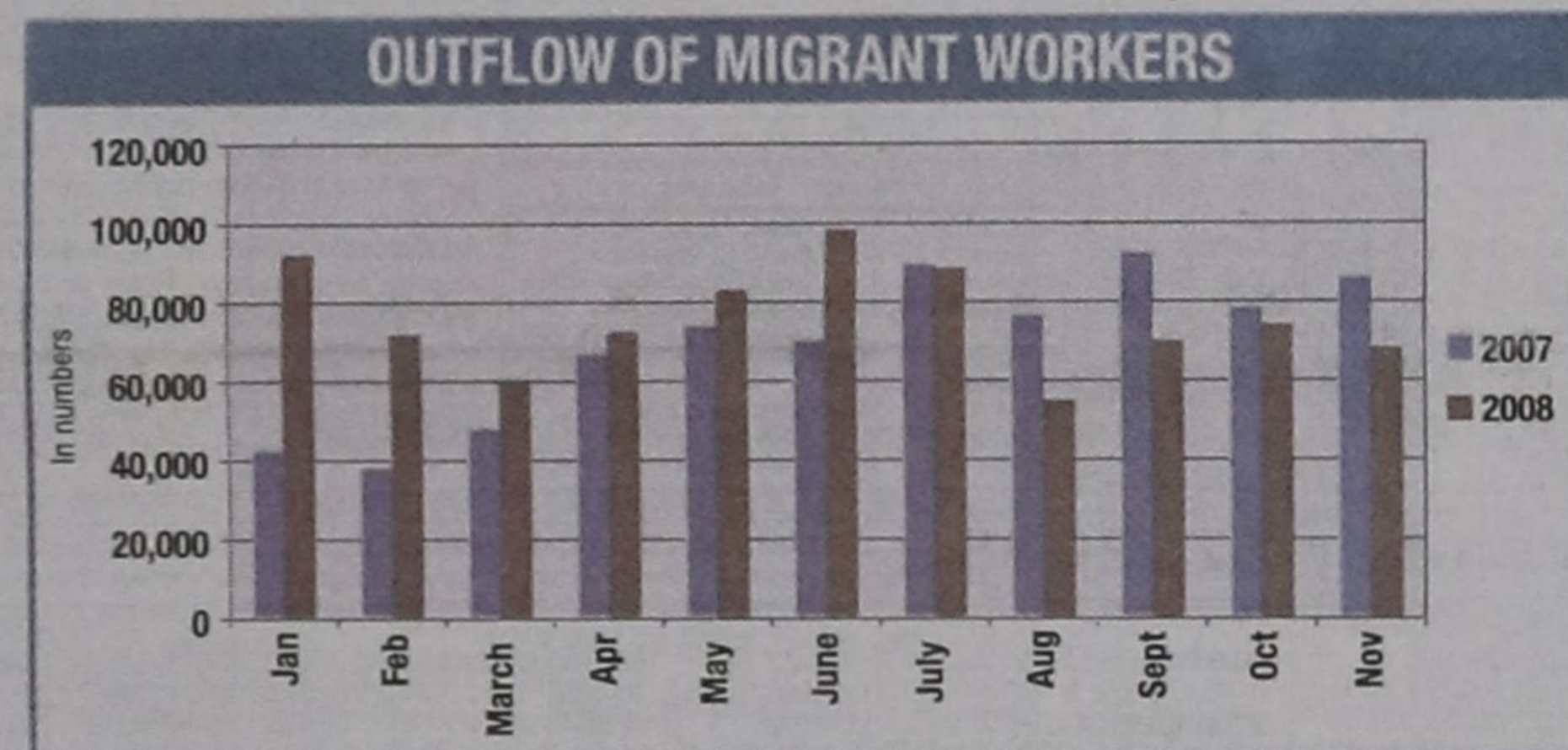
"We should also concentrate on producing high quality shoes and bags, which are high in demand around the world," he suggested.

Chowdhury pointed to the fact that the rising cost of processing the finished leather makes Bangladesh's leather less competitive than China, India or Morocco.

He urged the government to reduce taxes and VAT on essential chemicals, such as sodium chlorate and sulfuric acid, which are needed for converting animal hide to leather. These have to be imported and are quite expensive.

sayeda@thedailystar.net

Migrant worker rights in spotlight



PORIMOL PALMA

Rights activists yesterday urged the government and international organisations to speed up efforts to uphold the rights of migrant workers, as the country observes International Migrants Day today.

In association with nongovernmental organisations that promote migrants rights, the government for the first time chalked out programmes to mark the day and create awareness among people about the dangers and prospects of international migration.

President Iajuddin Ahmed and Chief Adviser Fakhruddin Ahmed issued separate messages.

"Bangladeshi migrants are playing an important role in the national and international arena. I call upon the government and our friendly nations to make sure that migrant workers are not deprived of their rights," Iajuddin said.

Greeting Bangladeshi migrants and recognising their contributions, Fakhruddin said: "The real achievement is through making the best use of the hard-earned money of the migrants."

"We are observing this day to bring the sector under the limelight. We need to improve the migration process and make it more transparent," said Mansur Raja Chowdhury, joint secretary to the Ministry of Expatriates and Overseas Employment, at a press conference at the National Press Club.

A discussion will be held at Bangladesh Shishu Academy auditorium at 11:30am

where Foreign and Expatriates Welfare and Overseas Employment Adviser Iftakhar Ahmed Chowdhury will be present as the chief guest.

The world has observed December 18 as International Migrants Day, as the UN International Convention on the Protection of the Rights of All Migrant Workers and Members of Their Families was accepted as the basic document on this day in 1990, to uphold migrants' rights.

Bangladesh signed the convention in 1998 but is yet to ratify it, said WARBE Development Foundation Chairman Syed Saiful Haque. He demanded that the government ratify it.

It is estimated that over 5 million Bangladeshis are working abroad with around 800,000 leaving the country for overseas jobs a year.

When the migrant workers send in around \$8 billion a year, fraudulent practices by a section of manpower brokers and recruiting agencies and even exploitation by foreign employers, plague overseas employments.

Refugee and Migratory Movements Research Unit (RMMRU) Coordinator Professor Tasneem Siddiqui said public awareness and policy interventions can help check corrupt practices and uphold rights of the migrants.

Bangladesh Association of International Recruiting Agencies President Ghulam Mustafa said the states also contributed to the high cost of overseas jobs in recent times.

Global migrants face squeeze, says ILO

AFP, Manila

Millions of migrant workers face layoffs and worsening conditions as the global financial crisis bites in the countries where they are employed, the International Labour Organisation said Wednesday.

"Past experience makes us painfully aware that migrant workers, especially women workers and those in irregular status, are among the hardest hit and most vulnerable during crisis situations," ILO director-general Juan Somavia said.

The Geneva-based UN agency's regional office for Southeast Asia and the Pacific, in Manila, released the statement on the eve of International Migrants Day, December 18.

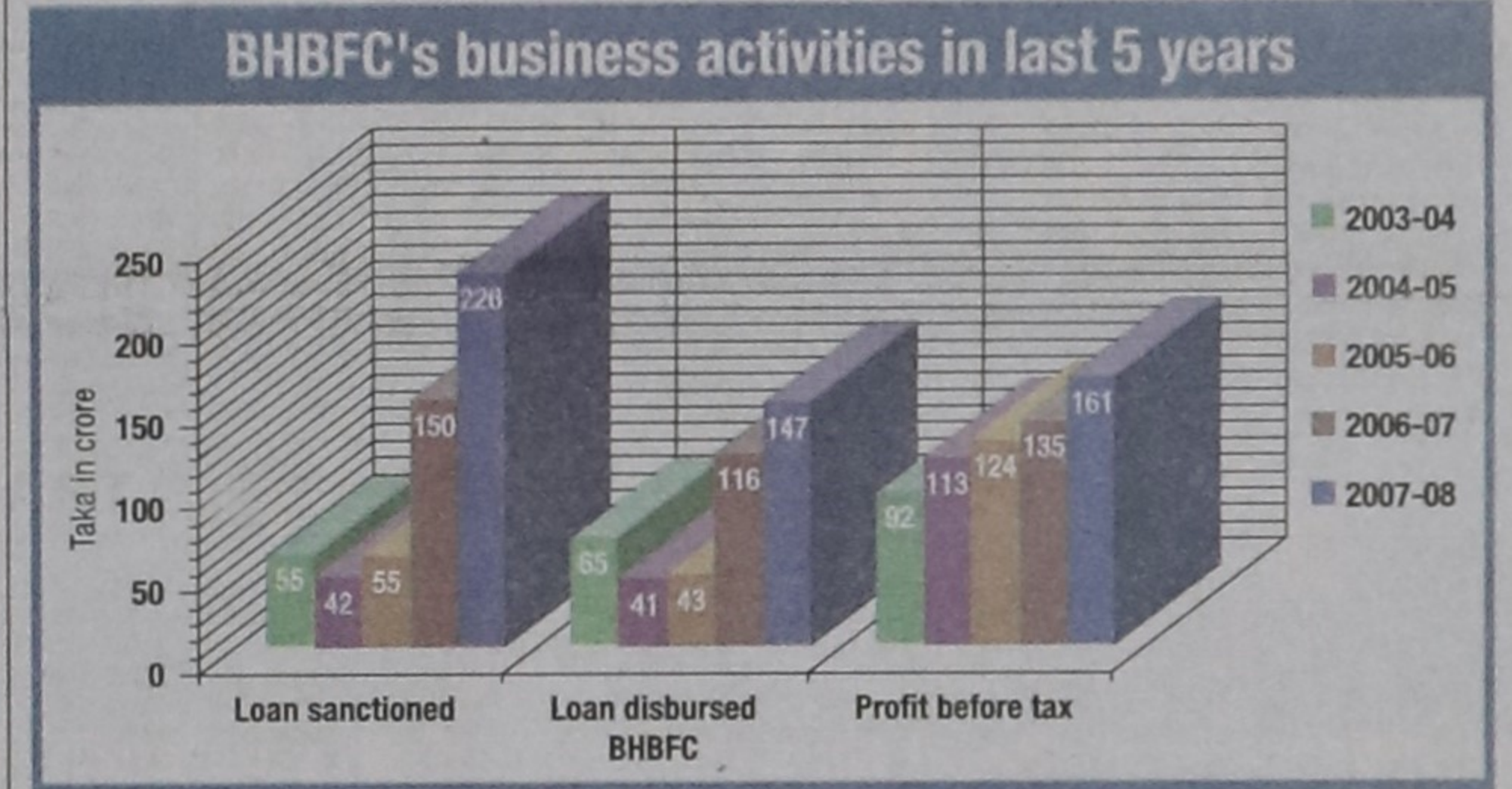
"The full impact of the crisis on migrant workers is yet to unfold, there are reports of direct layoffs, worsening working conditions including wage cuts, increasing returns, and reductions in immigrant intakes," he said.

Somavia appealed to governments in host countries to "assess their labour market needs before resorting to general layoffs of migrant workers. It is important that migrant workers do not become scapegoats for the current financial and economic crisis."

In the Philippines, one of the biggest labour-exporting countries in the world, the government has reported that several thousand of its nationals have lost their jobs abroad.

Somavia said at least 100 million men and women have left home to find work in another part of the world.

House finance body to expand horizon



SARWAR A CHOWDHURY

In the wake of increasing demand for housing loans, the Bangladesh House Building Finance Corporation (BHBFC) eyes enhancing its funding capacity, officials said.

"We recently proposed to the finance ministry to increase our authorised capital from the existing Tk 110 crore to Tk 1,000 crore, and paid-up capital from the existing Tk 97.29 crore to Tk 650 crore," said a senior official of the state-owned housing finance entity.

The new move is aimed to ease the liquidity crisis the corporation now faces in disbursing loans to its prospective customers, the official said.

On the introduction of one-stop services, some motivational and training programmes and new products and services, the demand for loans from the corporation is on the rise.

"We target to disburse Tk 1,750 crore as housing loans in the next five years," the official said.

During in 2007-08, the BHBFC disbursed Tk 147 crore among its customers against the sanctioned Tk 226 crore loans, while it disbursed Tk 65 crore against Tk 55 crore sanctioned for the financial year 2003-04, showed the corporation data.

The corporation made a profit (before

tax) of Tk 161 crore last fiscal (2007-08), which was Tk 92 crore in FY 2003-04.

The BHBFC was also able to reduce the rate of classified loans from 21.24 percent in 2003-04 to 13.93 percent in 2007-08.

It recovered Tk 389 crore in 2007-08, while the amount recovered in 2003-04 was Tk 305. Meanwhile, the corporation also faces a dearth of manpower. Now it has 456 employees against its requirement of at least 725 employees up to June this year.

"Along with the capital base enhancement proposal, we have also submitted a proposal for an organogram of 825 employees," the BHBFC senior official said.

The BHBFC provides loan for house building, repairing and remodeling and purchase of flat or apartment.

The corporation also provides loans at a simple interest rate of 12 percent within Dhaka and Chittagong, while the rate is 10 percent elsewhere.

The BHBFC official said: "We are committed to exploring new areas and introducing new products for the common people, so that the corporation can play a very constructive and crucial role in dealing with the existing housing problem."

Quoting a study, he said 71 percent of the housing loans are financed by the BHBFC.

sarwar@thedailystar.net

Fed steps up credit battle

AFP, Washington

The Federal Reserve used up its ammunition on monetary policy Tuesday by slashing its base lending rate to virtually zero but pledged further efforts to stimulate credit and revive a moribund economy.

The actions by Fed chairman Ben Bernanke and his colleagues put the central bank on track toward the kind of extraordinary actions used by Japan to stave off deflation and fire up growth in the 1990s.

The central bank's Federal Open Market Committee lowered its target federal funds rate from 1.0 percent, already at a historic low, to a range of zero to 0.25 percent. It also predicted "exceptionally low" rates to persist "for some time."

"This is an historic move and it will go down in the annals of Fed history as the most aggressive attempt ever to reverse a deep recession, prevent deflation and spur financial market re-normalization," said Sherry Cooper, chief economist at BMO Capital Markets.

Cooper said that while the Fed is "running out of basis-point ammo," it will shift to other steps such as buying assets such as mortgage or Treasury securities or anything else to get credit flowing.

"The Fed is set to take extraordinary steps to boost the quantity of money in the world's largest economy. The Fed is using its own balance sheet as a tool of monetary policy," she said.

Cary Leahey, senior economist at Decision Economics, said the Fed

"came out swinging and probably did as much as you could expect them to do" to revive economic growth.

The moves to buy up troubled assets, Leahey noted, is part of a strategy economists call "quantitative easing," as used by the Bank of Japan but effectively means printing money.

"They're pulling every lever and going to print money until they get a reaction from the economy."

Eugenio Aleman, economist at Wells Fargo, said the cuts were "completely symbolic" because financial markets have already been pricing in rates near zero.

"The effective federal funds rate has been lower than 25 basis points for the last month and half so this is just agreement with the market," he said. "This is what the market wants."



Aspirants for Rajuk plots queue up at the General Post Office in Dhaka yesterday to buy stamps in a mad rush to file applications. The deadline for applications has later widened to January 15. Story on page 1.