

Stocks

DGEN ▼ 0.91%
2,671.06

CSCX ▲ 0.29%
5,357.22

(Week-on-week)

Asian Markets

MUMBAI ▼ 1.58%
8,674.35

TOKYO ▼ 3.81%
7,745.25

SINGAPORE ▼ 1.38%
1,685.23

SHANGHAI ▼ 0.71%
1,990.66

(Friday closings)

Commodities

Gold ▲ \$875.75
(per ounce)

Oil ▼ \$42.38
(per barrel)

(As of Friday)

More News

REHAB fair kicks off Thursday in Ctg

The Real Estate and Housing Association of Bangladesh (REHAB) will organise a three-day fair in Chittagong from Thursday. A total of 68 developers will participate in the third version of the show styled "Rehab Fair Chittagong-2009" at Chittagong Club. REHAB members said at a press conference in Dhaka yesterday.

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Stocks pass third week in the red

Indices of the Dhaka Stock Exchange fell for a third week, despite prices of majority securities, especially of the small market capitalisation companies, gained last week. Many investors were interested in the small market capitalisation companies, including the IT sector.

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International

An open letter to Obama



The last two decades have seen the geo-political lines redrawn on a scale not seen since the Second World War. The drama is still playing itself out at many war-torn theaters around the world from Afghanistan to Iraq, from Congo to Sudan, from Abkhazia to Chechnya, from East Timor to Tibet and from Assam to Kashmir the global village is more akin than ever to a cauldron of suffering humanity fought by war-monger chieftains supported in many cases by the war machines of great powers, the greatest of which is of course the USA.

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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

Recession hurts bicycle exports

SAJJADUR RAHMAN

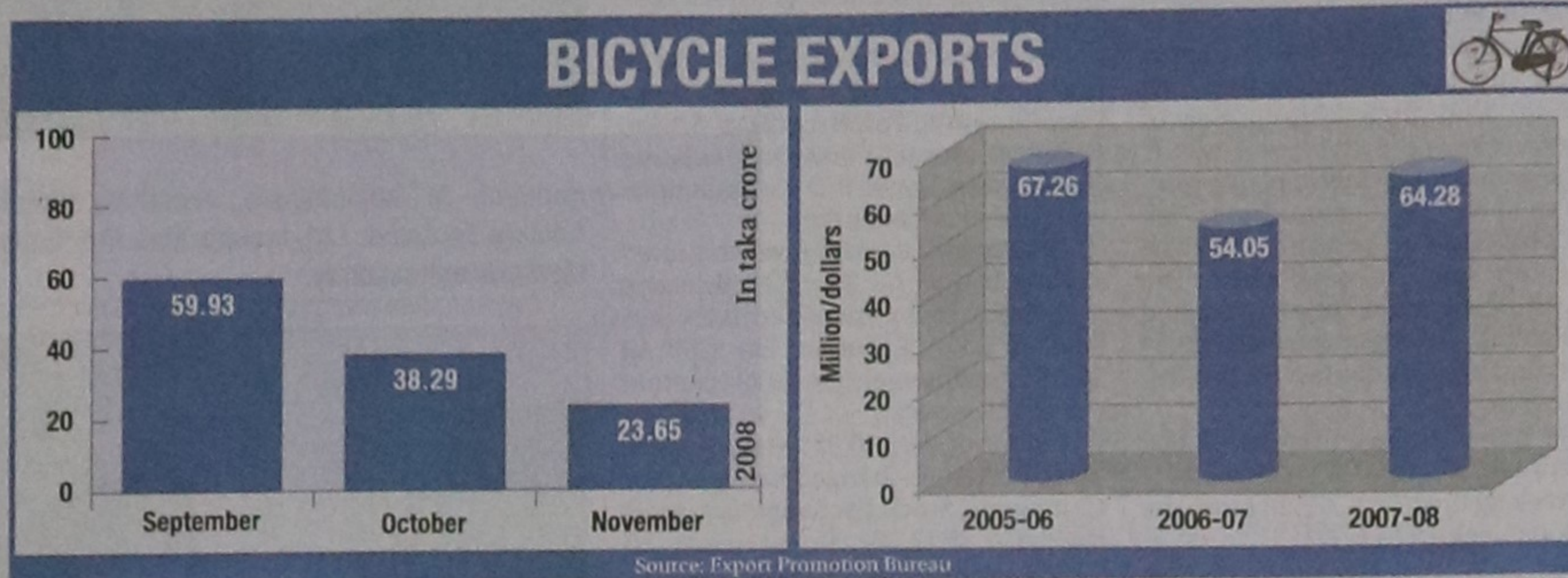
Bicycle exports have marked a sharp drop in recent months due to the ongoing global financial meltdown that rocked the developed countries since mid-last year, said government data and industry people.

Western countries, especially the European Union, are the main importers of Bangladesh-made bicycle.

"We are getting news that some of our buyers may be in deep trouble soon," said MA Halim Khan, executive director of Meghna Group, the leading exporter of locally made bicycle.

"Global economic slowdown has caused a decline in bicycle demand in Europe," said MMA Tanvir Titash, managing director of Uniglor Cycle Components Ltd, a maker of bicycle components.

According to the Export Promotion Bureau (EPB), the country exported bicycles worth Tk 59.93 crore in September 2008, which came down to Tk 38.29 crore in October and further



dipped to Tk 23.65 crore in November.

EPB data show Bangladesh exported bicycles worth \$64.28 million in fiscal year 2007-08, up by 18.93 percent from \$54 million in fiscal 2006-07. Exports marked a 63 percent rise in July-November period in the current fiscal

year over the same period last fiscal. The country exported around five lakh pieces of bicycles in 2007-08, industry people said.

Bicycle, which falls in light engineering sector in Bangladesh, has got increasing popularity in Europe due to

its lower price. According to industry people, on an average a Bangladeshi bicycle costs \$80 to \$90, which is much higher than that of a China-made one.

Bangladesh is now manufacturing MTBs (mountain bikes), city bikes, free styles, trekking, folding, beach cruiser

and kid bikes.

Currently, world's some of the leading companies including Raleigh, Avocet Sports, PCM, and Motor and Sports of the UK, Aldi of Holland, Bachtentkirch Interbike of Germany, M&F De Scheemaeker and Formula Cycling of Belgium are importing bicycles from Bangladesh.

"Export may decline further this year as the buyers are not placing more orders," Tanvir Titash said.

Halim Khan said none is immune from the current financial crisis. He however said November to February is generally considered as dull season for the bicycle industry.

Currently, Meghna Group, M&U and Alita, a Malaysian company located in Chittagong Export Processing Zone, are engaged in bicycle export. Another big manufacturer -- German Bangla Bicycle Limited at Savar -- has recently started production and export.

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Leather exports slow in financial rout

SAYEDA AKTER

Exports of finished leather and leather goods declined by around 18 percent in July-November period of the current fiscal year, which the industry insiders blame on the global financial meltdown.

"The demand for finished leather and leather goods has dropped in international markets, ultimately affecting our exports. The drop is mainly due to the global financial crisis," said Tipu Sultan, former chairman of Bangladesh Finished Leather, Leather Goods and Footwear Exporters Association.

"We are constantly on the look out for potential buyers who will offer higher prices for our leather. This has created uncertainty over estimating our export targets for the year," he said.

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

Sultan said the consumption of leather and its prices in the international market went down by 30 percent last year, following a decline in international production by 6 percent.

Earlier, industry people warned that leather exports might drop by 25 percent in the current fiscal year, influenced by a slump in demand in international markets. This will directly concern 195 tanneries in the country.

"Currently the demand for finished leather in international markets has been replaced by a growing demand for rawhide, which we do not export. This has worsened our situation," he explained.

There are four types of



leather -- rawhide, wet blue, crushed and finished leather. Bangladesh mainly exports crushed and finished leathers, whose demand and sales dropped in international markets on the back of the global financial crisis.

"At the same time, the global use and sale of finished leather in the automobile sector (seat cover) and making bags have declined severely. The increased use of rexin is another big reason behind the crisis," he added.

Bangladesh has plenty of rawhide as every year thousands of sacrificial cattle and goats are slaughtered to celebrate Eid-ul-Azha, a religious festival of the Muslims. This year, more than 29 lakh cowhides and 45 lakh goatskins have been collected.

Leather is one of the most important export items of the country, as it fetches 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 worth around Tk 3,500 crore a year, with export figures standing at \$284 million in 2007-08, said

industry people.

Of the total leather exports from Bangladesh, 80 percent is crushed leather and the remaining is finished. The product is mainly sent to Italy, Japan, Korea and China, Sultan said.

Crushed leather is mainly used for making luxurious and fashionable items such as shoes and accessories.

Interestingly, the exports of leather footwear and bags have increased by 39 percent and 45 percent respectively in the July-November period of the current fiscal year.

"This statistics shows us an opportunity to overcome the losses associated with declining finished leather and leather goods exports to international markets," Sultan said. "We should now concentrate on producing diversified products."

Currently finished leather is mainly used in the global market for making high quality shoes, furniture, and accessories, bags and purses, jackets and seat covers for vehicles.

"The demand for leather jackets, furniture and shoes is still steady in international markets, but we have a few skilled people and this is another shortcoming that is

resisting a comeback for the sector," said Sultan.

He said the government should take initiatives to develop expertise in producing high standard leather items including jackets, furniture and shoes.

Sultan also said another problem this industry faces is the rising cost of processing finished leather, which makes Bangladeshi leather more expensive than in China, India or Morocco.

"Currently, we are offering shoes at competitive prices compared to China and India. If we can beat them, we will eventually grab a greater share of their markets," he added.

He said the government should take necessary measures to develop and patronise the leather industry even further.

"Essential chemicals, such as sodium chloride and sulfuric acid that are needed for conversion of animal hides to leather, have to be imported and are very expensive," he said. Sultan suggested that the government should reduce import duties and VAT on these chemicals.

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SEC stresses listing of big companies

STAR BUSINESS DESK

The chief of the stock market regulator yesterday asked bourses and other stakeholders to create a congenial atmosphere in the capital market to encourage big companies to go public.

The arrival of more companies in the stock market will end the growing mismatch between demand and supply of shares, said Faruq Ahmad Siddiqi.

Terming the year 2008 a golden period for the securities market, Siddiqi said the supply of quality shares should be ensured to sustain the growth of the market.

The size of Bangladesh market is still small, compared to other countries, and 62 percent shares of the total market are owned by a few companies, he said at a seminar.

The discussion focused on "Bangladesh Stock Market Challenges and Opportunities" as part of CSE Members' Conference 2009, co-organised by Chittagong Stock Exchange and Meenhar Securities in Cox's Bazar, according to a press statement.

With the entry of telecommunication and government-owned company shares to the securities market, the depth will be enhanced within the current year, said the SEC chairman.

In a keynote paper, Professor Abu Ahmed said: "The country could arrange adequate funds from ever-expanding capital market to implement big projects without borrowing money with unfavourable conditions from donors."

Bangladesh does not have to privatise the public sector organisations for the purposes but could easily benefit immensely from offloading a portion of their shares to the capital market.

Prof Ahmed said the country's growing capital market could be an "ideal and alternative source" of funds for implementation of development projects.

"We have scope to pump up adequate money from the capital market to execute the project to turn the existing Dhaka-Chittagong highway into four lanes and make Bangladesh Biman Airlines profitable," he said.

CSE President Nasiruddin Ahmed Chowdhury also spoke at the function.

BFTI assigned to research on commodity market

STAR BUSINESS REPORT

The government has vested the responsibility of a research work on basic commodity market upon the Bangladesh Foreign Trade Institute to prepare an effective market intervention guideline.

Commerce Minister Faruk Khan made this announcement at a press briefing at the institute in Dhaka yesterday.

"It's an additional responsibility for the BFTI to make research on basic commodities in order to forecast the market situation, besides handling the external trade," Khan said.

The BFTI, which is funded by European Commission, will have to submit four forecast reports a year; one in three months, the second in six months, the third in nine months and the last one will be on 12-month basis.

"The supply of goods will be at par with the market demand, but we will take actions on the basis of the BFTI forecast reports," the minister said.

He made an assurance that he would extend all out cooperation for strengthening the BFTI to yield the expected results.

The minister made it clear that the institution will continue its routine works on trainings on how to enhance the negotiation skills for foreign trade, negotiation skills at WTO deals and negotiation with other trade organisations.

Khan said as a think-tank on internal and external trades, the BFTI would also work on bilateral trade, especially with neighbouring countries like Myanmar.

He said he will also seek experts' opinions from university teachers for running businesses smoothly and keeping commodity prices at tolerable level.

Khan has been continuing a series of parleys with importers, wholesalers, agents, leaders of the trade bodies for the last few days to disseminate a message for smooth business.

At the briefing, Professor M A Taslim, chief executive officer of the BFTI, said the research team of the institute will start working from April.

"I am very hopeful that the given responsibility could be carried out within the existing set-up and manpower," he said.

He, however, said equipping the BFTI with fresh workforce is underway.

A confident Taslim said the new assignment of research on basic commodities would not hamper the institute's usual activities.



A view of a vegetables market in Dhaka. BFTI has been assigned to carry out research work on basic commodities.

Obama pitches his plan to reverse economic slide

AP, Washington

President Barack Obama on Saturday laid out more pieces of an economic plan he says would add 3,000 miles of electrical lines, increase security at 90 ports and double the United States' renewable energy capacity within three years.

It was the latest appeal from the new president for a massive spending bill designed to inject almost a trillion dollars into a flailing U.S. economy and to fulfill campaign pledges. As members of Congress consider an \$825 billion plan and Obama woos them, his White House released a radio and Internet address directed at voters who want answers.

"Our economy could fall \$1 trillion short of its full capacity, which translates into more than

\$12,000 in lost income for a family of four. And we could lose a generation of potential, as more young Americans are forced to forgo college dreams or the chance to train for the jobs of the future," Obama said in a five-minute address that the White House released early Saturday.

"In short, if we do not act boldly and swiftly, a bad situation could become dramatically worse."

Along with the speech, Obama's economic team released a report designed to outline tangible benefits of the plan and shore up support. Aides said they wanted people to understand exactly what they could expect - more schools, lower electricity bills - if their members of Congress supported the proposed legislation.

The United States lost 2.6 million jobs last year,

the most in any single year since World War II. Manufacturing is at a 28-year low and even Obama's economists say unemployment could top 10 percent before the recession ends. One in 10 homeowners are at risk of foreclosure and the dollar continues its slide in value.

That harsh reality has dominated Obama's first days in office and prompted a Saturday meeting of his economic team at the White House during their first weekend in power.

A day earlier, he invited Democratic and Republican leaders to the White House to hear their ideas on the economy, yet Obama didn't share the plan's specifics while they visited.

Many of the goals in the speech and report were familiar from Obama's two-year campaign, like shift-

ing to electronic medical records and investing in preventive health care. Other parts added specifics.

Obama's recovery package aims to:

- Double within three years the amount of energy that could be produced from renewable resources, an ambitious goal given the 30 years it took to reach current levels. Advisers say that could power 6 million households.
- Upgrade 10,000 schools and improve learning for about 5 million students.
- Save \$2 billion a year by making federal buildings energy efficient.
- Triple the number of undergraduate and graduate fellowships in science.