

DAKA MONDAY MARCH 23, 2009

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Stocks

DGEN ▼ 1.23%
2,590.56

CSCX ▼ 1.22%
5,143.60

Currencies

Buy Tk	Sell Tk
USD 68.45	69.45
EUR 91.39	95.92
GBP 97.21	101.83
JPY 0.71	0.74

SOURCE: STANDARD CHARTERED BANK

Commodities

Gold	▲ \$960.44 (per ounce)
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Oil	▲ \$50.62 (per barrel)
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SOURCE: AFP

(As of Friday)

More News

Bangladesh to join trade ministers' summit in Turkey

Bangladesh will participate in the Trade Ministers' Summit in Turkey, which will begin on June 1. Commerce Minister Faruk Khan has accepted the invitation to attend the summit when Turkish Ambassador Sakir Ozkan Torunlar handed over an invitation letter to the minister at his office on Sunday.

B-3

Stocks in the red

Stocks continued to decline for a fifth day, led by a price fall in the shares of non-banking financial institutions, insurers, services and real estate, tannery, pharmaceuticals and cement companies.

B-2

International

Tent city for America's homeless



A year ago, home for Renee Hadley was a comfortable apartment in the trendy West coast city of Seattle, Washington. But when domestic upheaval and the US economic crisis upended her life, she found herself living in a trash-strewn tent city in California, without electricity, running water or sanitation.

Sony Ericsson issues profit warning after 2008 losses

Mobile phone maker Sony Ericsson on Friday issued a profit warning for its first-quarter results, saying sales and earnings were being hit by the slump in global demand in the economic crisis. Sony Ericsson said that "net sales and net income before taxes in the first quarter of 2009 continue to be negatively affected by weak consumer demand as well as de-stocking in the retail and distribution channels."

B-4

Contact Us

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

Air freighters fear slack times

SOHEL PARVEZ

Movement of air cargoes to and from Bangladesh is feared to lose pace in the days to come as overseas trade is on the downturn amid recession, operators of air freighters said.

Until now cargo shipments maintain growth but imports tumbled around 20 percent in the July-January period of fiscal year 2008-09 from a year ago, according to data from Biman Bangladesh Airlines, the handling agent of all airlines operating in the country.

"The market is fluctuating. Earlier we saw more US-bound cargoes than to Europe. But air cargo shipments to the US have declined," a senior official of the national flag carrier told The Daily Star recently.

Decisions to delay shipment of orders by foreign buyers are also pushing the exporters to choose sea routes, said freight forwarders.

"It's quite a reversal of the scenario from last year when some freighters operated extra flights due to a huge

pressure," said the official of Biman that also carries cargoes.

The pace of air shipment is set to face the slowdown after exports through air surged 68 percent to a record high at 116,660 tonnes in fiscal year 2007-08, spurred by a rise in readymade garment export.

Imports through air freighters also grew around 63 percent to 48,459 tonnes in FY2008-09.

"The market picked up in 2008 due to a rise in overall exports. But this year, we will be happy if we can reach the last year's level," said Helaluddin Akbar, managing director of GSA Cargo Ltd, general sales agent of Etihad Crystal Cargo.

Cargo shipments through air grew by 16 percent 81,761 tonnes in the eight months to February of FY2008-09 from 70,258 tonnes a year ago.

But quarterly data show that air cargo shipments slipped in the October-December period from the previous quarter in the current fiscal year.

Air freighters' concerns surfaced as global air freight volume

dipped sharply in the recent months. In 2008 international air freight traffic contracted 4 percent compared to 4.3 percent growth in 2007, according to International Air Transport Association (IATA).

IATA also forecasts a 5 percent drop in cargo traffic for 2009.

"The year 2009 appears to be critical. It won't be as good as 2008," said Kazi Md Mahfuzur Rahman, national manager (sales and marketing) of freight forwarder-

ing firm Agility Ltd.

He feared there might be a negative impact on exports after April this year as many buyers are counting low sales on recession in the western economies.

In Bangladesh exporters turn to air shipment if they fear missing the deadline for sending products abroad, air freight operators said.

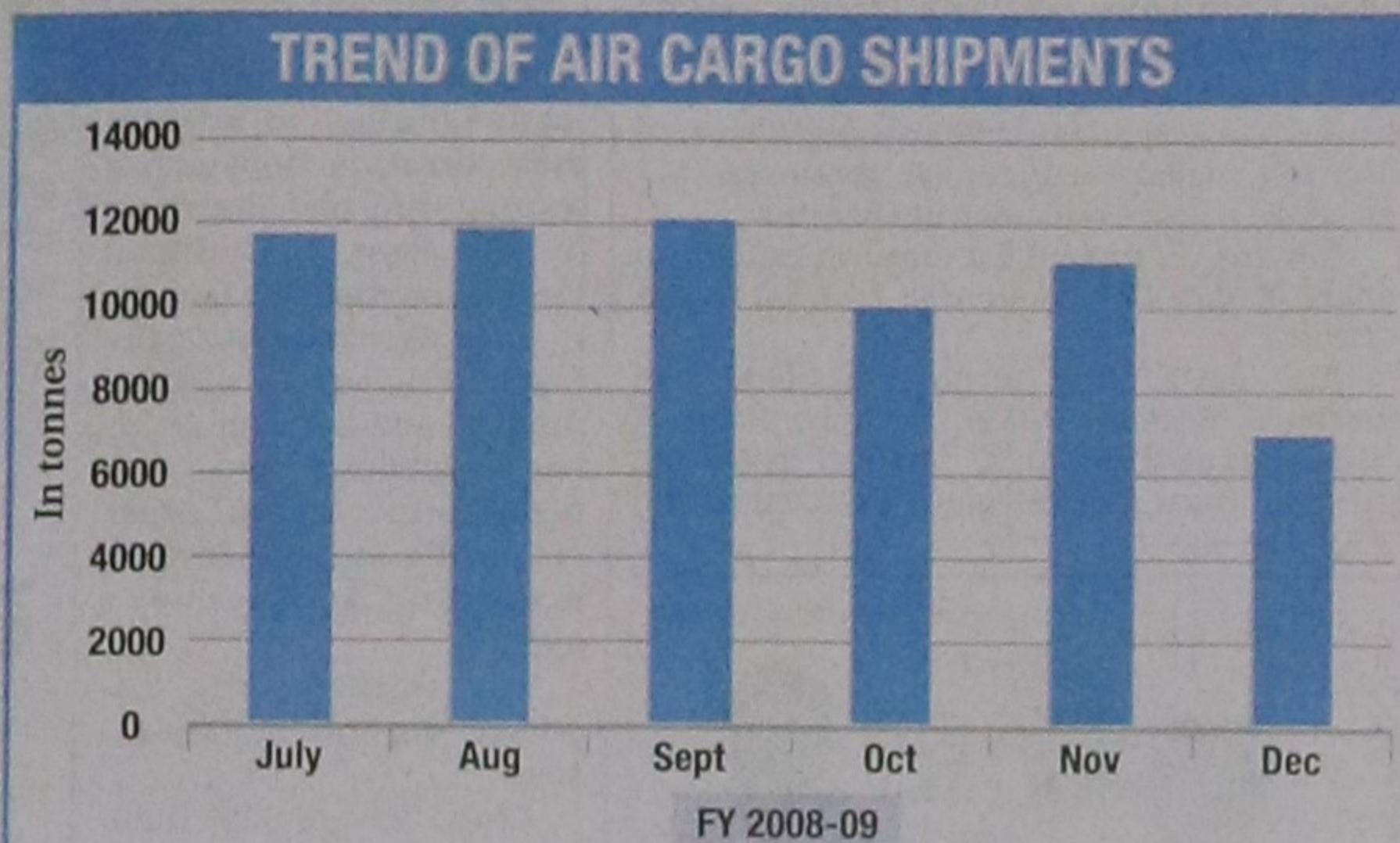
Shipment is mainly sea-based. But if exporters miss shipment through sea routes, they move to use air freighters, said Md Nuruddin Chowdhury, a senior official of a foreign forwarding firm.

Readymade garments, finished leather and leather products, handicrafts and perishable items such as vegetables dominate the air cargo shipment market in Bangladesh.

Garment accessories, telecom equipment, chemicals and pharmaceutical raw materials constitute the bulk of imports through air.

Now more than 15 airlines, including eight freighters, carry cargoes to and from Bangladesh.

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Accessory makers may lose edge

REFAYET ULLAH MIRDHA

A prolonged recession is likely to hit garment accessory manufacturers as new orders are slowing and past bookings are drying up.

"If garment export orders decline, garment accessory orders will significantly come down," said Khalilur Rahman, chairman of KDS Group, a leading apparel and accessory maker.

The accessories business tied to other exportable goods, such as pharmaceuticals, shoes, leather, jute goods, ceramics, frozen food, and fruits and vegetables, has been hurt by a slowdown in export orders, as the global financial recession pans out across the world, sector people said.

Shahadat Hossain Kiron, managing director of Dekho Group, one of the major garment and accessories manufacturers, is not worried about the present, but about the future.

He is not facing any shortage at this moment, as he has orders from both local and foreign buyers.

"My company is fully booked now. I don't foresee any problem for the short-term, but I don't know what will happen in the long-run," he said.

Hossain said his accessories business experienced 27 percent growth in the July to February period of the current fiscal year, compared to the same period of last fiscal year.

His factory recorded 21 percent growth in the January-February period.

"I enhanced the capacity of my factory to service the orders. The trend in new bookings is encouraging," he said.

Hossain said the accessory business has so far been good in Bangladesh as merchandisers and international buyers prefer purchasing from the local market rather than foreign markets like Hong Kong, to save time.

Local manufacturers are able to supply accessories in a month, whereas it takes at least two and half months to import the same, he added.



An accessory-making unit of Viyellatex, a textile manufacturer. Local accessory makers may face a slowdown as the global financial crisis threatens to put them in a tight corner.

The local market for accessories has developed over the last few years, reducing dependency on imports, he added.

Industry insiders said the local manufacturers are able to meet 70 percent of the total domestic demand for accessories, while the remaining is imported.

Bangladesh Corrugated Carton and Accessories Manufacturers' and Exporters Association (BCCAMEA) President Saifullah Chowdhury said the overall orders for accessories have

declined at least 10 percent in the last one month, due to a slowdown in export orders of goods such as shoes, leather, jute goods, handicrafts, ceramics, frozen food, and fruits and vegetables.

He said the accessory business is also prone to problems such as frequent power cuts, high bank interest rates and problems associated with poor infrastructure.

"Now we are facing a continuous downward pressure on the prices of accessories as exporters fear order cuts from international buyers," he added.

The prices of raw materials used in making accessories declined in international markets but it will take some more time to benefit Bangladeshi manufacturers, as new orders are yet to arrive.

Chowdhury, chief of the 750-member trade body, said at present, members of the BCCAMEA produce almost all sorts of packaging and accessory materials for export-oriented products.

They mostly produce cartons of all sorts and accessories like back boards, neck boards, hand tags, barcodes, zippers, logos, carton stickers, photo cards, plastic hangers, labels, stones, lace, photo inlays, synthetic cards, plastic clip hangers and all categories of poly-bags, button embroidery, draw cords, draw strings and interlinings.

Chowdhury said members of the BCCAMEA supplied garment accessories worth Tk 7,500 crore to local manufacturers last year.

But Khalilur Rahman, chairman of KDS Group, said his business is running satisfactorily -- at least for now. KDS is set to fulfil its Tk 700 crore export target for the current fiscal year.

"This figure is 10 percent more than last year," Rahman said. He said he sells accessories worth Tk 60 crore a year.

The future is not free.

"The prices of goods have declined recently due to the recession," Rahman said.

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Libya keen to deepen manpower ties with Bangladesh

STAR BUSINESS REPORT

The Libyan ambassador said yesterday his country would increase the number of Bangladeshi workers recruited by his country.

The Libyan embassy in Dhaka is currently issuing 300 visas a day on average and the number will increase, backed by high demand for workers in the oil-rich North African country.

"Libya is reconstructing itself. Under this scheme, more than a hundred billion dollars will be spent to reconstruct the country and its bridges," said Libyan Ambassador to Bangladesh Ahmed Ateya Hamid Al-Imam.

"Bangladesh and Libya signed an agreement on manpower in Dhaka last year. Under the agreement, we would take a large number of workers, in phases," the envoy said.

The ambassador met State Minister for Foreign Affairs Hasan Mahmud at the foreign ministry.

Mahmud expressed satisfaction at the progress in the recruitment of manpower in Libya, the foreign ministry said in a statement.

"Bangladesh attaches much importance to its relations with the Muslim country. We voted for Libya in the Security Council and Human Rights Council in the UN," Mahmud said.

"Currently, the country is playing an important role in Africa and in the international arena," he said.

The ambassador lauded Bangladesh's role in peacekeeping in Africa. He also expressed condolences at the loss of lives of the army officials at BDR Headquarters last month.

Tata Motors launches ultra-cheap Nano car today

AP, Mumbai, India

Tata Motors said it will launch its ultra-cheap Nano car in Mumbai on Monday - a vehicle meant to herald a revolution by making it possible for the world's poor to purchase their first car.

But few predict the snub-nosed Nano will be able to turn around the company, which has been beset by flagging sales and high debt, anything soon.

The Nano, which is priced starting at about 100,000 rupees (\$2,050), is a stripped-down car for stripped-down times: It is 10.2 feet (3.1 meters) long, has one windshield wiper, a 623cc rear engine, and a diminutive trunk, according to the company's Web site.

It does not have air bags or antilock brakes - neither of which is required in India - and if you want air conditioning, a radio, or power steering, you'll have to pay extra.

Tata Motors has been hard-hit by the global downturn. Commercial vehicle sales, its core business, have been decimated as India's growth slows, and consumers have had trouble getting affordable car loans.

The company declared a loss of 2.63 billion rupees (\$54 million) for the October to December quarter, and it has been struggling to refinance the remaining \$2 billion of a \$3 billion loan it took to buy the Jaguar and Land Rover brands from Ford Motor Co. in June.

Even the launch of the Nano has been scaled back.

The car is arriving six months late because of violent protests by farmers and opposition political party leaders over land, which forced

Tata to move its Nano factory from West Bengal to the business-friendly state of Gujarat.

Company officials have said it will take at least a year to complete the new factory, and until then, Tata will only be able to produce a limited number of Nanos from its other car plants in India.

Tata Motors hasn't yet given details on production volumes, but most analysts doubt the company will be able to make more than about 50,000 cars in the next year - a far cry from the 250,000 the company had planned to roll out initially.

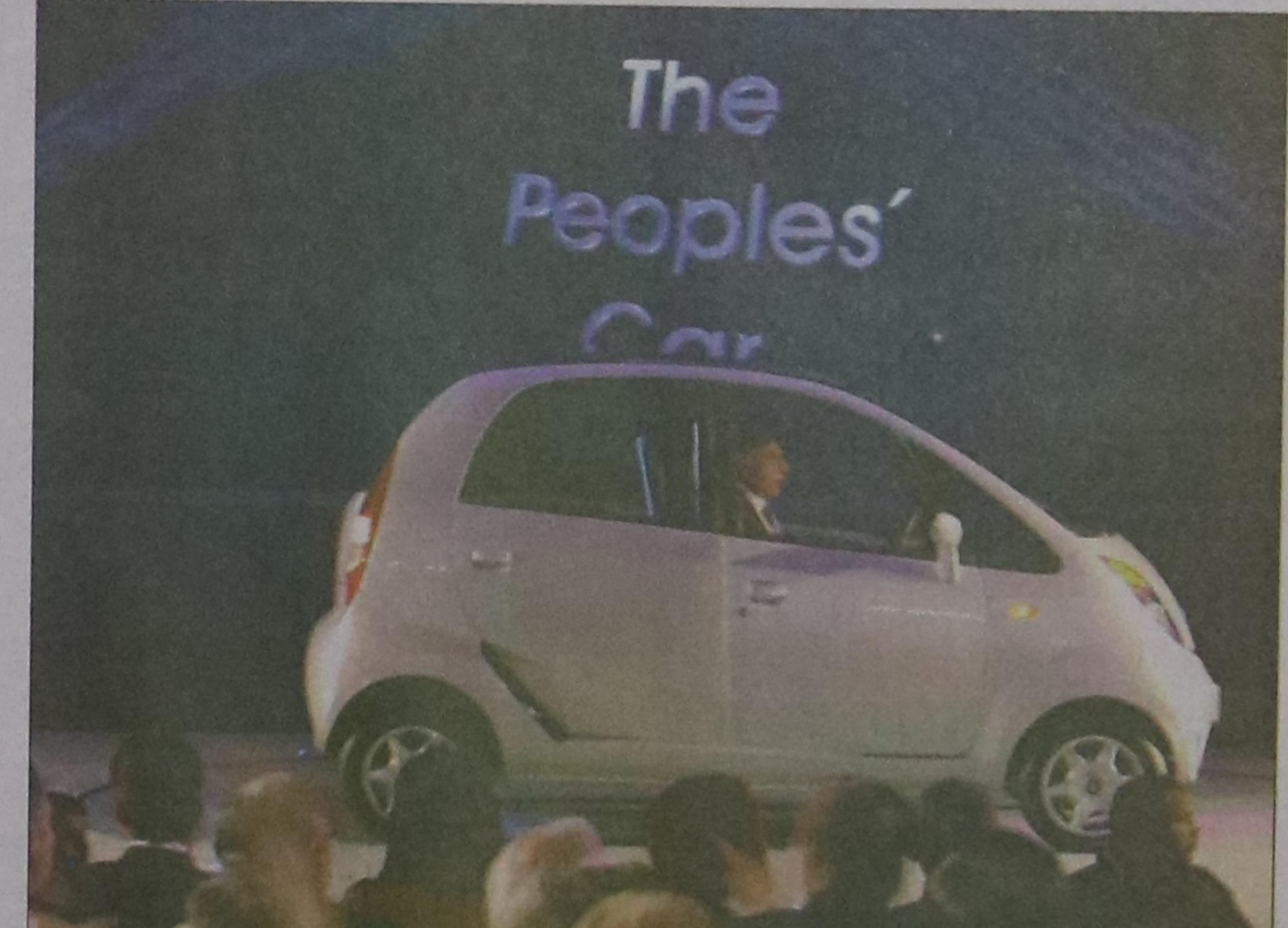
Vaishali Jajoo, auto analyst at Mumbai's Angel Broking, said even if Tata Motors manages to sell 250,000 Nanos a year, it will only add 3 percent to the company's total revenues.

"That doesn't make a significant difference to the top line. And for the bottom line, it will take five to six years to break even," Jajoo said.

Still, in this new age of global thrift, the Nano sounds appealing to more than just the struggling farmers and petty businessmen across India that Tata initially had in mind for the car.

"What do you think the chances are that the Nano will come to America? Personally, I'd love one," Steven Smith, whose first car was a Volkswagen Dune Buggy, wrote recently on the Nano Facebook page.

Tata Motors unveiled the Tata Nano Europa, a slightly more robust version of the Indian model, at the Geneva Motor Show this month, with a planned launch of 2011. But the company has no plans to bring the Nano to America anytime soon.



This file picture shows Ratan Tata, chairman of India's Tata Group, driving the new Tata "Nano" car in New Delhi. The world's cheapest car will be launched today with its makers hoping it will be a hit.