

Jute millers seek protection

STAR BUSINESS REPORT

Jute millers yesterday urged the government to make rules to ensure compulsory use of jute sacks and bags in the packaging of public and private sector industrial commodities such as cereals, fertiliser, sugar and cement.

"Too much dependence on the global market makes us vulnerable to tough competition. Unless the domestic market for jute expands, it will be difficult to see notable progress in the industry," said Md Ahmed Hossain, chairman of Bangladesh Jute Spinners Association.

Citing a compulsory packaging law framed by the Indian government, Hossain said a similar step was needed to increase demand for jute goods in the local market.

"It will also protect the environment from the use of synthetic or poly-bags," he said.

Hossain made the plea at a discussion on the "problems of the jute sector and its future" at the CIRDAP auditorium, organised by an upcoming magazine, Naya Arthanity, with the support of four associations tied to jute.

Textiles and Jute Minister Abdul



Textiles and Jute Minister Abdul Latif Siddiqui, middle, speaks at a discussion on the "problems of the jute sector and its future" in Dhaka yesterday.

Latif Siddiqui spoke on the occasion where representatives from both public and private sector blamed the successive governments' negligence to the country's once golden fibre industry.

Siddiqui said the dire condition of the jute sector is due mainly to an agreement signed in 1992 between the World Bank and the then Bangladesh government.

"But we want to make it clear that all the jute mills will run," he said. "We are trying to resume operations of the state-run jute mills."

Discussions pointed to the scarcity of high-yielding seeds, delayed disbursement of funds to state-owned jute mills to buy jute from farmers, lack of investment in tech-

nology upgrading and human resources development behind the poor performance of the industry.

They complained of not getting loans at a 7 percent interest rate. Citing a previous Bangladesh Bank directive to banks, millers said banks do not sanction loans at a low interest rate although jute and jute goods fall under the agro-based industry category.

Hossain said: "We need easy loans from banks and increased subsidy from the government to fight the setbacks of global recession."

The global economic meltdown has already hurt exports of raw jute and jute goods with many jute mills either shutting or drastically cutting

production. Thousands of workers face the threat of joblessness, owners said.

"Even if we are an agro-based industry, we are not getting the benefit of it. We are supposed to benefit from the subsidy offered by the government to exports of farm products," said TD Mitra, chairman of Bangladesh Jute Mills Corporation (BJMC).

Mitra recommended speedy disbursement of funds to buy jute, investment in technology upgrading and human resources development to revive the jute sector.

"The jute industry will not vanish if you make proper arrangements for us to run smoothly," he said.

Siddiqui said the government would take both short- and long-term measures to exploit the enormous prospects of the jute industry.

"The world now shows interests in jute instead of synthetic bag. We have taken an initiative to form a jute commission to strengthen the sector," he said.

The minister also assured that he would forward the demands of jute millers to Prime Minister Sheikh Hasina and Finance Minister AMA Muhih.



Dilip Barua, industries minister and chairperson of SME Foundation, hands over a document for loan under the "credit wholesaling pilot programme" to Rokia Afzal Rahman, chairman of Midas Financing Ltd, in Dhaka recently.

Poultry farm sets unique example

UNB, Dhaka

Advance Animal Science Co. Ltd., a dairy and poultry farm, has an electricity supply from the national grid and make a farm more profitable.

Khan installed the plant at about Tk 500,000, involving more than half of the expenditure for constructing the biogas plants to ensure proper supply of biogas to the generators. The payback period would be 1-1.5 years.

"It's possible to sell electricity in the neighbouring areas from an output of 10 kw/h," he said. There is an estimate that a poultry farm, having 5,000 birds, could generate 5 kw/h electricity.

Used widely in different countries of the world, including Germany, the technology with the small modification at a cost of Tk 18,000 per unit started its journey from a pilot project in Faridpur only two years back. Advance Animal Co. would be the second one to undertake similar project under German Technical Cooperation (GTZ).

"The technology can help generate 50 MW power in the next two years from around 10,000 medium-sized poultry farms in Bangladesh," said GTZ Senior Adviser Khurshed-Ul-Islam, who modified the engine.

The country at present suffering from a power supply shortage at a range between 1,500 and 2,000

district suggested that adopting the technology would be useful in getting rid of the erratic power supply from the national grid and make a farm more profitable.

A minister has already indicated that it would not be possible to fulfill the government's pre-election commitment for power generation in three years.

Islam said there are around 100,000 poultry farms in the country, but 90 percent of them are too small to generate biogas-based power plants.

However, there are around 35,000 biogas plants across the country being used only for cooking burners.

Khan and Islam said low-cost bank loans would be helpful for the farms to adopt the technology.

But GTZ Programme Coordinator Erich Otto Gomm said, "It would help but not necessary. When a bank will find a viable project, it'll come up with finance."

Replying to a question, he said there is no need to seek government intervention in promoting the biogas-based power plants as it would only make things complicated. "Since it's feasible, we don't need to involve the government as it would make the process cumbersome."

Asked if the technology would be more useful in the off-grid remote areas of the country to develop poultry and dairy farms, he said GTZ has already started disseminating information about it.

Youngone's new incentive scheme for its workers

STAR BUSINESS DESK

In a bid to give a support to its workers, Youngone, one of the country's largest multi-national companies in the ready-made garment sector (RMG) operating from Dhaka and Chittagong EPZs, has introduced an alternative Production Incentive Scheme yesterday.

Earlier, the withdrawal of a special allowance of Tk500, introduced in January for workers for the time being to help them cope with the spiralling rice prices, sparked off workers' agitation in some of the company's factories, according to a press release.

Dollar gains

AFP, London

The dollar was firmer Friday, supported by strong US corporate results, while the euro came under pressure from expectations the European Central Bank will have to do more to halt the economic slump.

Dealers said better-than-expected first quarter results from struggling US bank Citigroup and industrial and financial conglomerate General Electric helped bolster confidence in both the US outlook and the dollar.



Selima Ahmad, president of Bangladesh Women Chamber of Commerce and Industry, speaks at a press conference on "Product Design and Diversification and European Market Penetration" at Nitel Centre in Dhaka yesterday.

Oil prices stage slight rebound

AFP, London

World oil prices rebounded Friday from earlier losses as sentiment was boosted by better-than-expected US company results and bargain-hunting ahead of the weekend.

In late afternoon trade, London's Brent North Sea crude for June delivery regained 44 cents to 53.50 dollars per barrel.

New York's main futures

contract, light sweet crude for delivery in May, added 89 cents to 50.87 dollars a barrel.

The market rallied slightly on Friday after US companies Citigroup, General Electric and Google reported profits that topped market forecasts.

Wall Street's Dow Jones Industrial Average rose 0.28 percent to 8,147.97 in opening trades.

In earlier deals, oil prices had languished in the red as traders focused on weak energy demand and high US crude stocks in a slowing global economy.

The market took a knock this week after news that US crude oil stockpiles had reached an 18-year pinnacle, suggesting that demand was tailing off in the world's biggest energy consuming nation.



Aftab Mahmud Khurshid, national president 2009 of Junior Chamber International Bangladesh (JCIB), poses with Munir Hasan Khan, chief executive officer of Impru Consulting International, USA and other senior officials at a session on "success in business", organised by JCI Bangladesh Dhaka North in the capital recently.

Top diamond producer to halve output

AFP, Gaborone

Botswana, the world's largest diamond producer, will slash its output by more than half this year due to plummeting demand for the gems, the main diamond company announced Friday.

Debswana, jointly owned by the Botswana government and De Beers, said in a statement that the country was going to produce 15 million carats of diamonds, this year, against 33.6 million carats last year.

"As it stands now, the Diamond Trading Company Botswana (DTCB) have indicated that they might only be able to sell between 18 million carats and 20 million carats," corporate affairs manager Esther Kanaimba said.

"This year hence our decision to cut production to such levels as we also have some inventory left from the bad sales in December and November last year."

"If there are indications that demand will improve quickly, then we will increase production," she added.

DTCB was launched last year by Botswana's former president Festus Mogae in a move designed to boost local business and create jobs for citizens.

Financial crisis tests Spain's love of fiesta

AFP, Madrid

It's 11:00 pm in the Biotza bar and restaurant in Madrid's upscale Salamanca district and the place is bustling as dozens of customers kick off the four-day Easter weekend in an exuberant mood.

Customers dine on tapas, tasty Spanish appetizers such as Iberico ham with mozzarella, fried squid, anchovies with goat cheese and green peppers, fried aubergines with honey -- all washed down with wine or beer.

But where a few months ago it might have been standing room only, tonight there's still space at the bar and only a few of the 29 tables in the restaurant area are occupied.

"There are about 60 people here tonight, which is about 20 percent down on what we would expect on a night like this," said Manuel de la Calle, head waiter at the smart modern eatery, located near some of central Madrid's designer boutiques.

The restaurant's profits have fallen 10-15 percent in the last four months, he said, since the global crisis began to pummel the Spanish economy, already weakened by the collapse of the once-booming property market.

Today, the Biotza has cut prices to keep its clientele. "This month we also started offering tapas in the restaurant area as well, instead of just at the bar," de la Calle added.

Biotza is not the only establishment facing hard times.

According to figures from the National Statistics Institute, sales in the food and beverage sector began falling a year ago. They were down 8.2 percent in December and 5.2 percent in January from a year earlier.

A poll published in the ABC newspaper Sunday found 48 percent of people had cut spending on entertainment since the crisis. Roughly half those surveyed said they were spending less on food.

But in Spain, where late-night eating and drinking is so much a part of the culture -- lunch can last until 5:00 pm and dinner often does not get underway until at least 10:00 pm, and can run into the early morning hours -- the sector may be less badly hit than others.

"Going out is part of life in Spain, rather like in France," said Raul, a 38-year-old lawyer, having tapas at the Biotza with his wife, Susanne. "So if you compare it to

other ways of spending money, bars and restaurants are less affected. But where they used to have profits in double figures, now they are in single digits."

Susanne, a 34-year-old university lecturer, agreed. "People here think, 'OK, so I don't have money, but what I have I can spend in a bar'," she said.

Luis Adiego, the co-owner of La Cueva del Bolero, a cellar music club also in the Salamanca district, said the dropoff was more evident between Monday and Thursday.

"Before the crisis, people would go out every day. Now, they focus on the weekend," he said.

Biotza's de la Calle agreed, and said many of his customers were also switching from wine to beer, which is cheaper.

Cinema attendance is also suffering. Last year, 14.3 million people went to cinemas, down 1.4 million from 2007, according to the culture ministry.

Still, winners are emerging from the new spirit of frugality.

As bars and tableclothed restaurants see their sales decline, fast-food establishments and takeaways are profiting as people opt for less expensive options.

That includes McDonald's, which reported its sales climbed almost seven percent last year in Spain -- where it opened 17 new restaurants. Another US fast-food chain, BBQ Chicken, announced plans last month to open 30 eateries in the country.

For his part Carlos Padura, owner of the Diurno takeaway sandwich bar in Madrid's chic Chueca district, said his sales of food and beverages have been stable since the crisis.

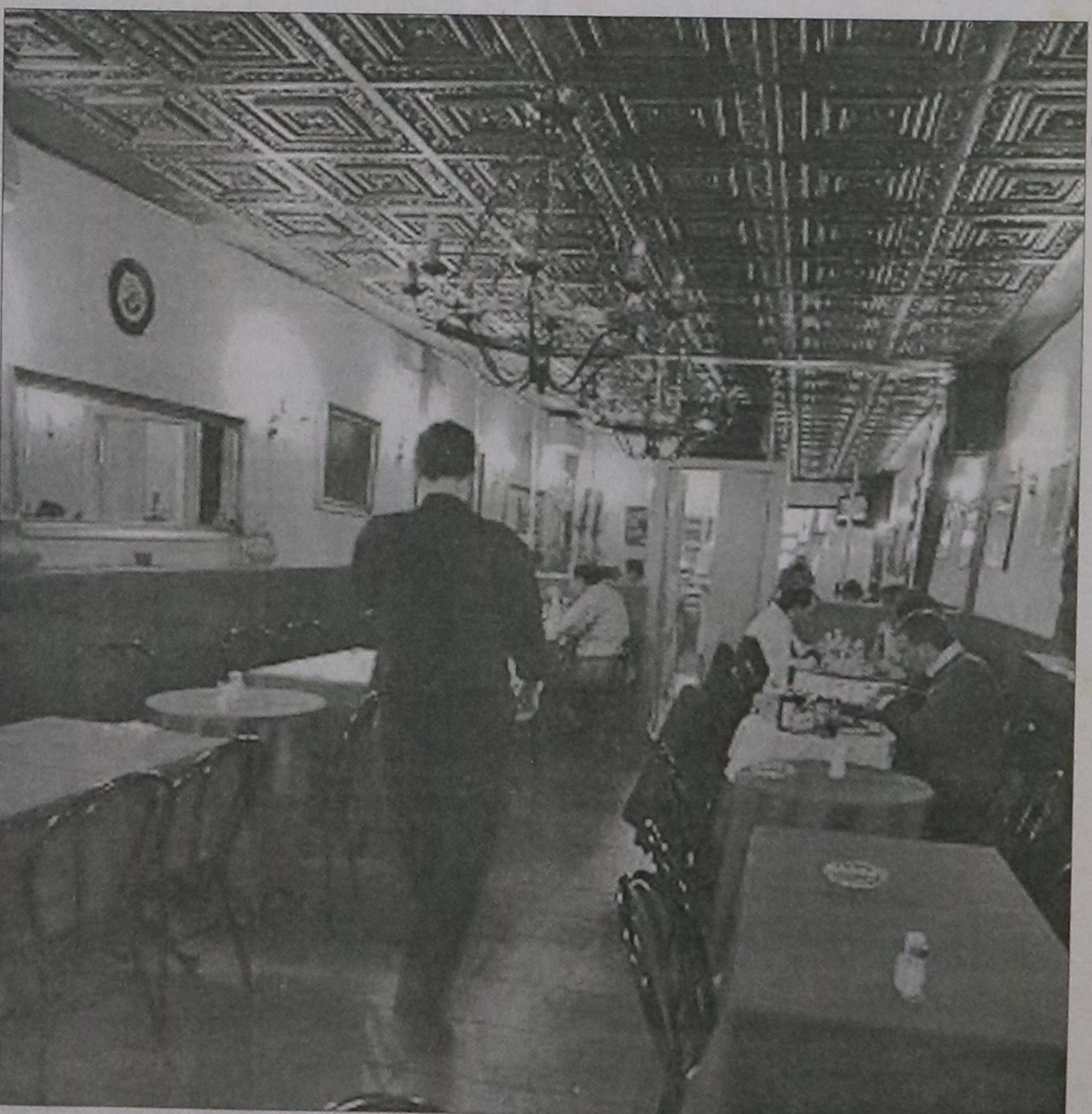
But three other eateries on the same street have closed in the past six months, he said, adding: "The quality did not match their prices. In a time of crisis this becomes more noticeable."

Spain slumped into its first recession in 15 years at the end of 2008. The unemployment rate hit 15.5 percent in February, the highest level in the 27-nation European Union.

The Bank of Spain has predicted it will reach 19.4 percent next year as the recession deepens.

But for now, the party continues, albeit at a slower pace.

"Going out is going out," said Gonzalo, another Biotza customer. "The fiesta is the fiesta."



People have lunch in a near empty restaurant in Madrid.

AFP