

## Stocks

DGEN ▲ 0.96%  
2,597.00

CSCX ▲ 0.95%  
5,732.29

## Asian Markets

MUMBAI ▲ 1.47%  
14,840.63

TOKYO ▲ 1.63%  
9,677.75

SINGAPORE ▲ 2.19%  
2,380.07

SHANGHAI ▲ 3.36%  
2,721.28

## Currencies

	Buy Tk	Sell Tk
USD	68.45	69.45
EUR	94.84	100.42
GBP	109.15	114.81
JPY	0.71	0.79

SOURCE: STANDARD CHARTERED BANK

## Commodities

**Gold** ▲  
\$987.28  
(per ounce)

**Oil** ▲  
\$68.29  
(per barrel)

SOURCE: AFP

(Midday Trade)

## More News

### Mango may go beyond easy reach

Savouring the season's king fruit, mango, may not be a common man's delight this year as low production levels in the north has pushed its prices up, said growers and traders. Mangoes are selling at 1.5 times higher prices in the local markets, while growers anticipate prices to soar by 30 percent.

B-3

## International

### Plenty of risks to GM



It's an outcome that was nearly unthinkable just six months ago. General Motors, a company once synonymous with America's industrial might, has followed its smaller rival Chrysler into bankruptcy court for a government-forced reorganisation.

### Indian exports dive for seventh month

India's exports of jewellery, garments and other goods slid 33 percent in April, shrinking for the seventh straight month, hit by a demand slump in major global markets, official data showed Monday. Exports slumped to 10.74 billion dollars in April from 16.08 billion dollars a year ago as the global appetite for made-in-India goods contracted.

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# Low price worries RMG exporters

REFAYET ULLAH MIRDHA

A low price now being offered for apparels from international buyers has become a concern for Bangladesh exporters, on the back of ongoing global financial meltdown and higher costs of doing business.

The exporters lament they are offered a price that is 10 percent lower than they were offered before the recession, for which they could hardly make any profit.

However, some exporters see the new buyers' leaning towards Bangladesh as a positive side. A considerable number of buyers arrive here to place export orders because they find the RMG prices in other countries higher.

Reazuddin Al-Mamoon, managing director of Epyllion Group, a leading exporter, pointed to the fact that every year buyers are cutting prices of Bangladesh made readymade garment (RMG) products, although raw material prices are on the rise.

"We must improve our negotiation capacity with foreign buyers in fixing the RMG prices. Otherwise, we will continuously be denied fair prices of

our products," Mamoon said.

Meanwhile, Export Promotion Bureau data show a 0.22 percent decline in the price index of all products, including RMG, in March, while the February decline was 2.29 percent.

In the case of primary products, the price index declined to 4.90 percent in July-March period, compared to the 14.08 percent in the first eight months of the outgoing fiscal year.

In the case of manufactured goods, the price index declined to 0.50 percent in the first nine months of this fiscal, while the July-February decline was 1.62 percent.

"We are really worried about RMG price cut. We are just losing our competitiveness," said Ghulam Faruque, chairman of SQ Group, a leading sweater and garment manufacturer.

"As a result, we can hardly make profit after paying workers' wage and other business costs," Faruque said.

Despite around 20 percent rise in the cost of doing business last year, an intense competition in the sector meant producers had been unable to pass the higher costs on to buyers, industry insiders said.

Erratic gas and power supply, higher cost of fund, higher freight charges—both in local and international markets, yarn price hike, implementation of the minimum wage for workers, higher transport costs, weak infrastructures and higher prices of capital machinery caused such a higher cost of doing business.

Iqbal Latif, managing director of Design World International, a local buying house, said the local manufacturers are just running their factories for survival, as they get low prices.

The knitwear trade body chief also expressed despair over the present situation.

"It has become difficult to survive now for a price pressure from international buyers," said Fazlul Hoque, president of the Bangladesh Knitwear Manufacturers and Exporters Association.

In this connection, Hoque pointed to the recent lending rate cut and said only 1 percent cut is very insignificant to tackle the situation stemming from global crisis.

The central bank capped the bank interest rate at 13 percent from its previous 14 percent.

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Exporters are concerned as international buyers are now offering lower prices for Bangladeshi apparels against the backdrop of global financial meltdown and higher costs of doing business.

STAR

# Aila piles losses for shrimp farmers

## Low-cost fund demanded

SOHEL PARVEZ

Shrimp farmers in the southwestern coastal region are in a dire crisis due to losses in their investments as almost all of their farms were swept away by cyclone Aila-led tidal surge last week.

Many opt for a restart, but scopes to fight back appear bleak because of capital dearth, and damages in the government-built dams and embankments.

The farmers now expect government assistance such as low-cost loans and speedy repair of ravaged embankments to guard tidal waters of the region, which provides bulk of the country's total produce of export-oriented shrimps, the second biggest earner after garment.

"All have gone away in the river. Good days seem far away now," Asheque Ibrahim, a small shrimp farmer at Kachua upazila in Bagerhat district, said after losing all of his investment at Tk 2 lakh in a shrimp farm.

"It's a serious disaster. I don't know how I will repay debts, land rent and dues to shrimp fry sellers," said the 30-year-old farmer, who had planned to repay a major portion of his debts by catching matured shrimps by end-May.

"I have been able to sell only Tk 15,000 of shrimps this season. If I want to restart farming, I will have to repair farm infrastructure and buy shrimp fries, but I have not enough fund for that," he lamented.

His grief was also echoed in



STAR

Shrimp farmers in the southwestern coastal region, hit hard by cyclone Aila last week, want low-cost fund to resume their business.

other districts of the region as tens of thousands of his mates now sit on the ruins of cyclone Aila-led tidal surge that wiped away shrimp from farms by damaging farm infrastructures and Wapda (Water and Power Development Authority) embankments.

The blow came at a time when farmers were preparing to get their returns from investments. Many of them, especially smaller ones, started shrimp farming by either borrowing from relatives or banks or by keeping dues to landowners and shrimp fry sellers.

"It's the time for getting return

from investment. But the disaster has ruined the chance," said Md Nurul Alam, a medium shrimp farmer who invested more than Tk 30 lakh in two of his shrimp farms, covering more than 100 acres of land in Ashashuni upazila of Satkhira district, another major hub for shrimp cultivation.

"Not only mine, none of the shrimp farms stays alive," said Nurul who owed around Tk 8 lakh to banks.

Primary estimates by Department of Fisheries in Khulna division reveal that total losses in shrimp, fish and farm infrastructures stood at Tk 352.61 crore. Bulk

of the losses was incurred in the salt-water shrimp enclaves.

The latest hit came when shrimp exports were suffering from a slump for reasons such as demand cuts in the Western economies, and suspension of fresh-water shrimp exports to European Union for six months on fear of health hazardous antibiotic nitrofurans' presence in exported consignments.

Exporters feared the losses caused by Aila will hurt them further.

Abdul Majid, a relatively large shrimp farmer in Gabura union of Shamnagar upazila in

Satkhira, invested around Tk 55 lakh in seven farms in more than 450 acres of land.

"I got a return of around Tk 7 lakh before the cyclone. The rest have been wiped away."

"None of us has the capacity to invest for repairing damages in embankments and farm infrastructures," he said, although he knew that only option to restart farming is to repair Wapda embankments first.

Nurul Alam of Ashashuni echoed Majid. "The government can feed people by distributing relief. But the economy of the region will not recover unless the government repairs and builds the Wapda embankments," he said.

"Still there is time to resume shrimp farming. But it all depends on government initiatives," said Nurul. "Dams and embankments should be built faster along with providing low-cost loans to shrimp farmers."

Delwar Hossain, a small shrimp farmer in Mongla upazila in Bagerhat, also preferred low-interest loans from banks as a means to resume farming.

"There's no way to return to normal business unless the government offers low-interest loans for investment," said Delwar, adding that financial assistance would help them narrow down the losses.

Kazi Shahnewaz, acting president of Bangladesh Frozen Foods Exporters Association (BFFEA), said the losses in shrimp and fish would exceed Tk 1,000 crore.

"It's going to hit exports. We are paying the farmers in advance. The government should also come forward to help them get capital," said Shahnewaz.

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## PRE-BUDGET QUIPS

*The finance minister expressed doubts that power generation could be increased to 5,000MW within the next three years, pledged in the election manifesto.*

*The minister should relax. Voters always take an election pledge with a double dose of salt. He should only ensure a steady supply of salt.*

*What about public-private partnership in the education sector with the government providing land and the private sector resources used for constructing school & college buildings. An excellent idea. But what about the return on investments?*

*That will be available in the hereafter.*

MMI

# GM: An American icon falls

AP, New York

General Motors filed for Chapter 11 bankruptcy protection yesterday as part of the Obama administration's plan to shrink the automaker to a sustainable size and give a majority ownership stake to the federal government.

GM's bankruptcy filing is the fourth-largest in US history and the largest for an industrial company. The company said it has \$172.81 billion in debt and \$82.29 billion in assets.

"The General Motors board of directors authorized the filing of a Chapter 11 case with regret that this path proved necessary despite the best efforts of so many," a company statement said. "Today marks a new beginning for General Motors. ... The board is confident that this New GM can operate successfully in the intensely competitive US market and around the world."

As it reorganises, the fallen icon of American industry will rely on \$30 billion of additional financial assistance from the Treasury Department and \$9.5 billion from Canada. That's on top of about \$20 billion in taxpayer money GM already has received in the form of low-interest loans.

GM will follow a similar course taken by smaller rival Chrysler LLC, which filed for Chapter 11 protection in April. A judge gave Chrysler approval to sell most of its assets to Italy's Fiat, moving the US



AFP

People fish near the General Motors world headquarters on the eve of a GM bankruptcy filing in Detroit, Michigan yesterday.

automaker closer to a quick exit from court protection, possibly this week.

The plan is for the federal government to take a 60 percent ownership stake in the new GM. The Canadian government would take 12.5 percent, with the United Auto Workers getting a 17.5 percent share and unsecured bondholders receiving 10 percent. Existing GM share-

holders are expected to be wiped out.

Albert Koch, who helped Kmart Corp through its Chapter 11 reorganisation, will serve as GM's chief restructuring officer.

President Barack Obama is scheduled to address the nation about GM's future at midday from Washington, and GM CEO Fritz Henderson is to follow him with a news conference in New York.

## General Motors

<b>Founded</b>	1908	<b>GM</b>	
<b>Headquarters</b>	Detroit, US		
<b>Global activities</b> <i>makes cars/trucks</i> <i>sells vehicles</i>	in 34 countries in 140 countries (approx.)		
<b>Largest markets</b>	US, China, Brazil, UK, Canada, Russia, Germany		
<b>Sales</b> <i>in millions of vehicles</i>	8.24 2004	8.35 2008	
<b>Net profit/loss</b> <i>in \$ billions</i>	2.8 2004	2008 -30.9	
<b>Employees</b> <i>in thousands</i>	850 1978	324 2004	252 2008

Administration officials, speaking on condition of anonymity in advance of Obama's remarks, said they expect the bankruptcy court process to last 60 to 90 days. If successful, GM will emerge as a leaner company with a smaller work force, fewer plants and a trimmed dealership network.

GM revealed Monday that it will per-

manently close nine more plants and idle three others.

The Pontiac, Mich., and Wilmington, Del., assembly plants will close this year, while plants in Spring Hill, Tenn., and Orion, Mich., will shut down production but remain on standby. One of the idled plants will be retrofitted to build a small car that GM had originally planned to build in China.

Seven powertrain and parts stamping plants will be closed starting in June 2010, while an additional stamping plant will be idled but remain in a standby capacity.

GM's filing comes 32 days after a Chapter 11 filing by Chrysler, which also was hobbled by plunging sales of cars and trucks as the worst recession since the Great Depression intensified.

The sale to Fiat means Chrysler could be out of bankruptcy within the government's original timeframe of 30 to 60 days. Chrysler's plan gives a 55 percent stake of the new company to a union-run trust for retirees. Fiat gets a 20 percent stake to Fiat that can ultimately grow to 35 percent. The U.S. and Canadian governments get smaller pieces.

The third of the one-time Big Three, Ford Motor Co., has also been stung hard by the sales slump, but it avoided bankruptcy by mortgaging all of its assets in 2006 to borrow roughly \$25 billion, giving it a financial cushion GM and Chrysler lacked.

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