

Stocks

DGEN ▲ 0.10%
2,926.66

CSCX ▼ 0.20%
6,421.89

Asian Markets

MUMBAI ▼ 0.59%
15,830.98

TOKYO ▲ 0.22%
10,375.01

SINGAPORE ▼ 1.23%
2,648.76

SHANGHAI ▲ 0.26%
3,471.44

Currencies

Buy Tk Sell Tk

USD 68.42 69.42

EUR 96.70 101.92

GBP 114.22 119.71

JPY 0.70 0.79

SOURCE: STANDARD CHARTERED BANK

Commodities

Gold ▲
\$954.46
(per ounce)

Oil ▲
\$70.56
(per barrel)

SOURCE: AFP

(Midday Trade)

News in Brief

Seagate to close Singapore hard-disk plant



AFP, Singapore

US-based Seagate Technology said Tuesday it will close its hard-disk drive manufacturing plant in Singapore by the end of next year and lay off about half of its 4,000 workers.

The firm said in a statement it plans to move production to existing sites in other countries to cut costs.

"This consolidation is necessary in order for Seagate to further increase efficiency and reduce costs by leveraging investments across fewer manufacturing sites," the statement said.

The company said it is looking at moving some employees from the hard disk plant to other Singapore operations, while those who are laid off "will be offered severance benefits, in keeping with company policy."

PepsiCo to buy its biggest bottlers in \$7.8b deal

AFP, Washington

PepsiCo, the maker of Pepsi soft drinks, said Tuesday it had reached a deal to acquire its two key bottlers for 7.8 billion dollars, creating one of the largest food and beverage companies.

Under merger agreements, PepsiCo said it would buy all of the outstanding shares of common stock it does not already own in its two largest anchor bottlers--The Pepsi Bottling Group and PepsiAmericas.

Contact Us

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

Exports dive to six-year low

Slowdown shows impact of sinking global trade

KAWSAR KHAN

Export growth hit a six-year low of 10.31 percent in the immediate past fiscal year, evidence of an impact of global recession on the country's shipments.

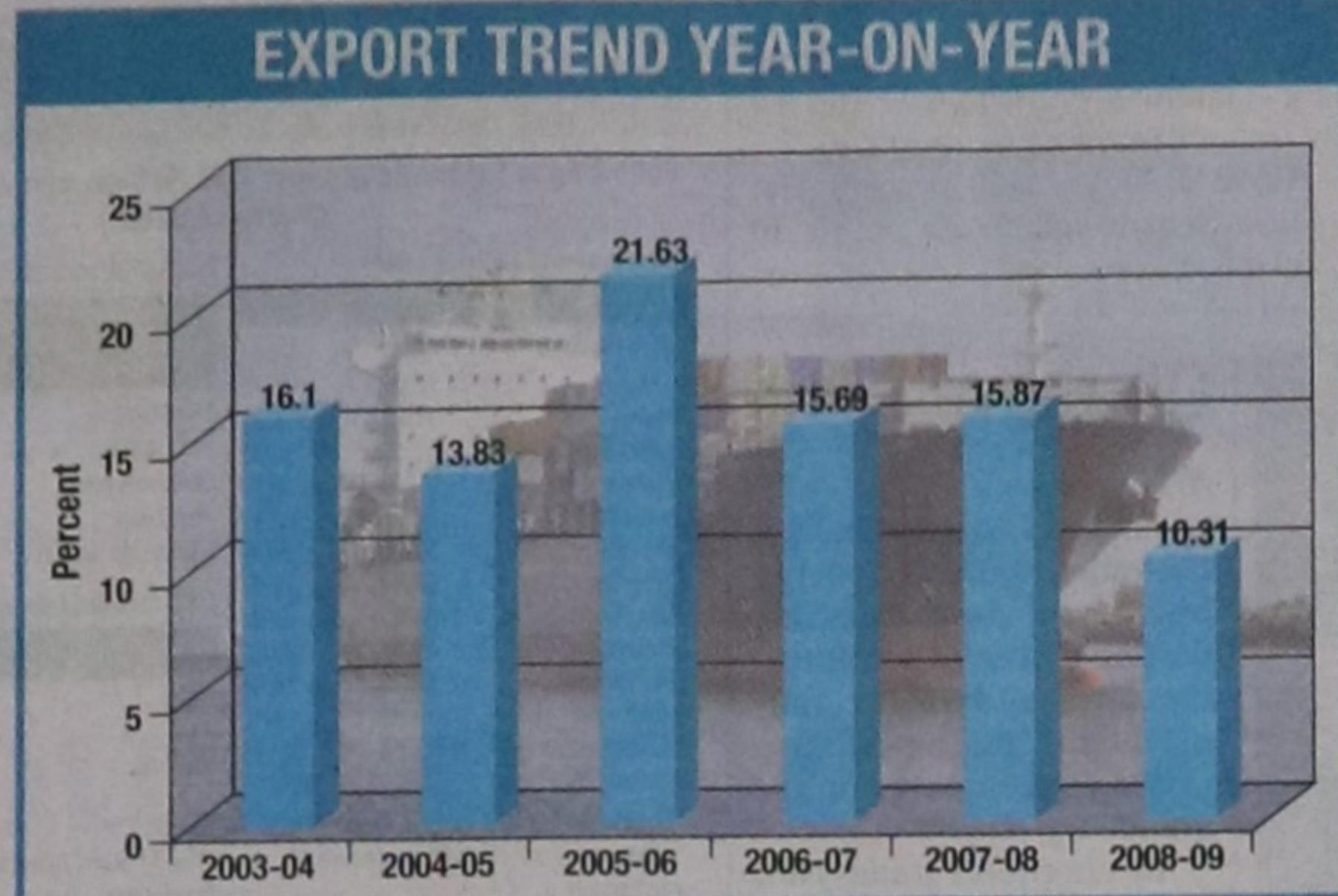
In fiscal 2008-09, exports amounted to \$15.8 billion, falling 4.5 percent short of the \$16.3 billion target, according to Export Promotion Bureau (EPB) data released yesterday.

The slowdown in exports comes in line with the ebbing trade worldwide. The World Trade Organisation forecasts that global trade will shrink by 9 percent to 11 percent this year because of recession in developed countries.

Export earnings of neighbouring India nose-dived more than a quarter in June, marking the ninth straight month that overseas sales have fallen in the economic crisis.

Bangladesh recorded overseas sales in fiscal 2007-08 at \$14.1 billion, 15.87 percent growth over fiscal 2006-07, when exports had witnessed a 15.69 percent rise.

For Bangladesh, the fiscal 2002-03 was a bleak year when export growth was only 9.39 percent, according to historical figures.



In the last fiscal year, export growth came down because only five out of 21 major export products achieved growth while another 10 items experienced negative growth in exports.

"Export growth was low last fiscal year as global recession affected shipments

in the second half," said EPB Vice Chairman Shahab Ullah.

The EPB official termed growth satisfactory compared to negative export growth in many other countries. "Bangladesh has so far been able to defy the impact of the economic slump," he said.

Shahab Ullah said EPB would try to make up for the shortfall by setting the target higher by \$2 billion in export earnings for the current fiscal year.

According to media reports, imports by major economies of the world, including the United States, Japan and European countries, plunged.

Despite a sluggish export performance of several major products in Bangladesh, overall exports were recorded at moderate levels, banking mainly on earnings from the woven and knitwear sectors.

Woven garments, which take up over 80 percent of the country's export basket, posted 14.5 percent growth in the last fiscal year, fetching \$5.9 billion. Export figures also exceeded the \$5.7 billion target by 4.13 percent in fiscal 2008-09. Earnings from the sector were \$5.2 billion in fiscal 2007-08.

In fiscal 2008-09, the knitwear sector fetched \$6.4 billion, a 16.21 percent rate of growth over the previous year's earnings of \$5.5 billion. But the sector's earnings dropped 2.35 percent short of the \$6.6 billion export target.

In fiscal 2008-09, terry towels, handicraft, computer services and chemical

products achieved export growth, exceeding targets.

Meanwhile, footwear, home textiles, textile fabrics and agricultural products posted growth, but fell short of targets set by the government.

Frozen food, a major export item, witnessed a 14.89 percent negative growth rate during the period, earning \$454.53 million, while leather exports slipped 37.65 percent, earning \$177.32 million.

Sajjad Zohir, executive director of Economic Research Group, said the export performance of the country was satisfactory, considering the world is gripped by recession.

"Under a holistic approach, export performance may look bad but it was good since exports of all major economies in the world shrank," he said.

Zohir urged the government to make a sector-wise appraisal of export performance and take appropriate policy measures accordingly.

According to the Bangladesh Economic Review 2009, export growth in fiscal 2005-06 was 21.63 percent, 13.83 percent in 2004-05 and 16.10 percent in 2003-04.

kawsar@thedailystar.net

Parliamentary caucus demanded for RMG

BGMEA holds emergency meeting with MPs amid recession impact

STAR BUSINESS REPORT

Apparel manufacturers and exporters yesterday urged the government to form a parliamentary caucus on readymade garment (RMG), which will negotiate with the government for fixing up different problems prevailing in the garment sector.

The businesspeople said problems like non-payment of stimulus package by the government, frequent power outages, less gas pressure, deteriorated law and order situation, labour unrest, higher bank interest rate and dearth of skilled manpower are gripping the RMG sector.

Leaders of Bangladesh Garment Manufacturers and Exporters Association (BGMEA), RMG entrepreneurs, and lawmakers who are also the owners of garment factories demanded the formation of the caucus at an emergency meeting at BGMEA office.

The businesspeople said the situation of the country's main export earning RMG sector has turned worst due to the recession, but the government is not paying any heed to the needs of the sector.

No new investment would be made next year due to the existing power and gas crises in the industrial units, said Annisul Huq, president of the Federation of Bangladesh Chambers of Commerce and Industry (FBCCI).

He said around Tk 30,000 crore remains idle in the banking system, and capital machinery import has declined as the businessmen are not going for new investment amid these crises.

"It was necessary for the government to consult the businessmen before taking the decision of not giving any new gas connection to the industrial units," said Huq, also a former BGMEA president.

"We should commission a study by a group of professionals who have the credibility to survey the



Abdus Salam Murshedy, president of Bangladesh Garment Manufacturers and Exporters Association, speaks at an emergency meeting with members of parliament, who are also garment entrepreneurs, at the BGMEA office in Dhaka yesterday. Other RMG businessmen were also present.

impacts of power failure and declining profitability in the RMG sector," said Salman F Rahman, vice-chairman of Beximco Group, which has RMG business.

The government will take seriously the findings and suggestions of the group of professionals, Rahman said.

Rahman, also the adviser to Awami League President Sheikh Hasina on private sector development, said the government did not give proper attention to the recent arson attack on Ha-Meem Group.

The issue should have been discussed in the parliament, he said.

He said the most serious concern now is the declining profitability of the RMG sector. "But what is the government doing?" Rahman questioned.

"BGMEA should form even seven task forces to negotiate with

seven ministries for realising different demands of the RMG sector," he said.

He said 90 percent incidents of labour unrest were staged by the outsiders, not by the real RMG workers.

Denouncing the 'irresponsible' comments of some former and incumbent ministers on the life style of the businessmen, Tipu Munshi, a lawmaker and former president of BGMEA, said the government could not solve the old problems, but currently favouring formation of the trade unions.

"The irresponsible roles of the trade unions will create further problems in the RMG sector," Munshi said.

He said the decision of gas price hike was not pro-industrial as the time for business is not good now.

Zahurul Haque Mohon, a lawmaker and RMG entrepreneur,

blamed the communication gap with the government for the existing problems. "We need to place our demands to the government specifically, otherwise the problems will not be solved," Mohon said.

Shahriar Alam MP said: "My personal experience about trade union is not satisfactory at all."

Mostafa Gulam Quddus, chairman of Dragon Group, a leading sweater maker, said the RMG entrepreneurs are exhausted with the frequent labour unrest, arson incidents and other anti-business activities.

Quazi Moniruzzaman, a former BGMEA president, urged all to look into the domestic and international RMG markets.

AK Azad, managing director of Ha-Meem Group, said when the new government pay scale will be announced, another labour unrest will take place.

Acme plans expansion with new Tk 215cr pharma unit

SAYEDA AKTER

On completion of around 60 percent work, the new Tk 215 crore manufacturing unit of Acme Laboratories Ltd plans to go into production next year.

Located at Dhamrai, the Acme Specialised Pharmaceuticals Limited will produce anti-cancer and anti-AIDS drugs for the local market, now almost fully dependent on imports of such drugs.

However it will make other drugs too.

Cancer resistant drugs are now manufactured by one or two companies when cancer patients are on the rise in Bangladesh, according to industry people.

"This new unit will help enhance our supply capacity to both local and international market by more than 20 percent from the very first year of production," said Mizanur Rahman Sinha, Acme's managing director.

The new one of his pharmaceutical conglomerate, which has a track record of producing a wide range of medicines across the therapeutic spectrum for both human and animal health, also targets exports of its products to rich nations including USA and UK, Sinha added.

Presently, Acme medicines are exported to 11 countries with around 55 percent of such growth a year.

"We are trying very hard to ensure meeting international compliance, while constructing the new unit. At the same time, we are strictly maintaining the regulations of the exporting countries," said the boss of the local second largest medicine maker.

"We hopefully will go into production by June 2010. Its process of setting up started in 2008," Sinha told The Daily Star.

Of the total fund for the new plant, Tk 130 crore will come from a syndicated loan, raised by Standard Chartered Bank as lead arranger. A term-loan deal was signed yesterday.

"We put emphasis on ensuring good health for all by manufacturing ethical drugs of the highest quality at affordable prices and reaching out those even to the remotest areas by proper distribution network," said Mizanur Rahman Sinha.

Common people often fail to get access to anti-cancer drugs because of their unavailability in the local market, he pointed out.

In fiscal year 2008-09, Acme Laboratories recorded a Tk 400 crore sales in domestic market, while it posted Tk 1.2 million exports.

"Experiencing a success in the domestic market, ACME started its first international operation by exporting medicines to Bhutan in 1995," said Sinha, adding: "The volume of sales has increased significantly with an average growth rate of 50 percent every year."

Among the medicines exported, antibiotic, anti-hypertensive, anti-ulcerant and vitamin are remarkable.

South-East Asia, Africa, Middle East and the EU are among the Acme's export destinations. Myanmar, Nepal, Sri Lanka, Pakistan, Afghanistan, the Philippines, Hong Kong and Vietnam are the countries where it exports regularly.

- New Acme unit will cost Tk 215cr
- Tk 130cr will come from a syndicated loan
- Acme recorded annual sales in the domestic market at Tk 400cr in fiscal 2008-09
- Company ships medicines to 11 countries with 55 percent export growth

Mutual funds perk up on DSE

Obstacles to dividend declaration likely to go

STAR BUSINESS REPORT

Almost all mutual funds gained yesterday on anticipation of the settlement of a case removing all the obstacles fund managers now face in declaring dividends.

ICB Islamic Mutual Fund was among the highest gainers on the country's premier bourse. It rose 5.19 percent to Tk 344.25.

Investors now await declaration of dividends very soon, which has been on hold for over a year because of a writ petition filed with the Supreme Court by three investors against a disputed amendment to mutual fund rules, which the stock market regulator, Securities and Exchange Commission, formulated

in July last year.

Hearing of the case is likely today.

The SEC ban on any issuance of bonus or rights shares for close-end mutual funds faced a High Court stay in last August. Any dividend declaration by fund managers was also stayed until the disposal of the case.

"The matter should be resolved as early as possible, as investors did not get any dividend last year and another year is going to lapse," said a senior official of the Investment Corporation of Bangladesh, a manager of highest number of mutual funds.

Currently, 17 mutual funds are being traded on the Dhaka Stock Exchange.

Meanwhile, Dhaka stocks closed almost flat yesterday, as key indices went slightly up.

The benchmark, DSE General Index, rose by only 3.18 points, or 0.1 percent to 2,926.66. The DSE All Share Price Index also increased by 3.24 point, or 0.13 percent to 2,451.24.

The advancers beat the losers 122 to 109. Five securities remained unchanged. A total of 4,51,17,723 shares worth Tk 649.91 crore were traded on the DSE.

Bextex topped the turnover leaders, followed by Beximco, Jamuna Oil, Meghna Petroleum and Titas Gas. Bextex topped the position with 73,37,000 shares worth Tk 52.39 crore being traded.

Chittagong stocks however closed down slightly. The CSE Selective Categories Index declined by 13.24 points, or 0.2 percent to 6,421.89. The CSE All Share Price Index slid by 19.11 points, or 0.18 percent to 10,232.48.

A total of 73,37,000 shares worth Tk 72.22 crore were traded on the Chittagong Stock Exchange. Of the traded scrips, 78 advanced, 82 declined and four remained unchanged.

Bextex topped the turnover leaders with 10,30,600 shares worth Tk 7.35 crore being trade on the port city bourse. Other turnover leaders were Meghna Petroleum, Beximco, AB Bank and AIMS 1st Mutual Fund.