DHAKA SUNDAY FEBRUARY 21, 2010

▲ 2.22%

5,760.94

0.09%

0.83%

2.05%

0.44%

2,757.14

Closed

(Friday closings)

\$1,112.75

(per ounce)

\$79.33

(per barrel)

Commodities

Gold

Oil

10,123.58

16,191.63

10,934.96

(Week-on-week)

Asian Markets

# Footwear makers up for expansion

by this year.

SAYEDA AKTER

Top local footwear makers and exporters are set to increase their production capacity to utilise the growing international demand for low-cost Bangladeshi shoes.

Meanwhile, footwear export recorded around 30 percent growth in the July-December period of the current fiscal year compared to the said. same period last year, Export Promotion Bureau (EPB) data shows.

The sector earned \$98.74 million in exports during the period.

Top manufacturers, including Apex-Adelchi Footwear Ltd, Jennys, Landmark, Leatherex, Bay Footwear and Picard Bangladesh, are increasing their production capacity by opening new factories and importing sophisticated machinery and latest technology.

The continuous growth in footwear export is the main reason that forces local companies to go for expansion, and the enhanced capacity will help the exports increase by more than 40 percent from 2011, industry insiders said.

Currently, the local companies make leather footwear of around Tk 1,700 crore a year, of which 45 percent products are meant for shipment.

The country exports around six million pairs of leather footwear a year, with Apex-Adelchi being the largest exporter.

Mazharul Haque, general manager of Jennys Shoes Ltd, said his company is set to increase its production units and showrooms across the country.

"The demand for Bangladeshi low-cost footwear for both men and women is on the rise in the international market, as we produce shoes from high quality finished and crushed leather," he

Bangladesh Bank (BB) will raise the amounts of

premium for deposit insurance and the coverage

to minimise any risk connected to the loss of

depositor's fund with a scheduled bank, officials

system will have to pay such premium at 9 paisa per

Tk 100 deposited, which was earlier 7 paisa, accord-

ing to the new decision. The amount payable as

premium for the problem banks will be 10 paisa

instead of 9 paisa and 8 paisa for other banks, which

erage will be raised to Tk 2 lakh from Tk 1 lakh

against each depositor as per BB's plan. To do so,

based premium rate and the amount of coverage,

which will come into force after the government

gives a go-ahead," a senior BB official concerned

Besides, the amount of deposit insurance cov-

The banks that are now under an early warning

SAJJADUR RAHMAN

was previously 7 paisa.

run such insurance.

toldThe DailyStar.

said.

said, adding: "The prices of our products are lower than those of Indian and Chinese."

"The export growth in valueadded leather products, like shoes and bags, is fuelled by the declining demand and consumption of finished leather in the international markets caused by the global financial crisis," Haque

He said his company set up a MARKET GROWTH

Jennys exported six lakh pairs of shoes last year, while the annual turnover of the company stood at Tk 80 crore.

AKM Afzalur Rahman, managing director of Landmark Footwear Ltd, said the increasing orders from Japan and European nations

made his company increase its production capacity

further.

Footwear exports rose nearly 30 percent to \$98.74 million in the July-December period of fiscal 2008-09, compared to the same period a year ago, according to the Export Promotion Bureau.

#### TOP MANUFACTURERS AND EXPORTERS

**Apex-Adelchi Footwear** 

**Jennys Shoes** 

**Landmark Footwear** 

**Leatherex Footwear** 

**Bay Footwear** 

**Picard Bangladesh** 

**Lalmai Footwear** 

new factory in Gazipur last year for bulk production mainly to meet the increasing orders from Italy, Portugal and the UK.

"We are constantly improving the quality of our products by upgrading technology that we import from Italy and Germany," said Haque.

The company opened 12 new showrooms in and around Dhaka last year, and plans to capture a significant market share by opening showrooms in all district towns

"The cost of producing leather shoes is lower in Bangladesh than

in China and India and this is why

we are receiving orders from Japan

and Europe," he said. "Another reason behind the growth is the Italian technology we are using, which builds a level of trust among the buyers," Rahman said, adding that his company also supplies to the renowned Japanese brands like ABC.

Landmark introduced eight production lines in 2009, while

each production line costs around Tk 5-6 crore and can produce only one design. The company plans to add more production lines by 2011, said Rahman. Footwear export has started to

grow fast mainly from the last quarter of 2008, when the country's finished leather export declined because of global financial crisis and the local entrepreneurs started to produce valueadded products.

Many developed countries such as Italy suspended production of branded shoes for both men and women, as the demand for branded shoes marked a sharp fall in the face of global recession.

Also, countries like China and India are failing to produce high quality but low-cost leather items because of the anti-dumping rules of the World Trade Organisation (WTO). So, orders from Germany, Italy, France, Japan and Canada are shifting to Bangladesh.

The US government's move to cut dependency on China, and European embargo on Chinese and Vietnamese footwear are also pushing the buyers into Bangladesh, said industry insid-

China, India and Vietnam are the largest leather shoe exporters in the world. Bangladesh started exporting

leather footwear in 1994 to neighbouring countries, including India and Nepal. Tipu Sultan, director of Bengal

Leather Complex Ltd, stressed the need for training the workforce and developing skill, so the growth in the local footwear sector can sustain.

He also urged the government to help the manufacturers and exporters by reducing import duties for machinery.

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## Bonded warehouse rules weigh on exporters

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JASIM UDDIN KHAN

Tight regulations under the bonded warehouse facility for exporters at the Export Processing Zones (EPZs) are holding their business back. Bond regulations, such as annual licence renew-

als and repeat requirements to set raw material import quantities, are hassles for the exporters, they complain. Export-oriented firms will have to renew their

bond licences by March 31 every year in line with the BondedWarehouse Guidelines 2008. Previously, exporters had been given permanent bond licences, where single-time import limits and

annual limits were fixed for each exporter. "We have to visit the bond officials to fix the maximum amount that can be imported at one time as well as the annual import quantity," Shafiul Alam

Rinku, manager (operations) of an export-oriented company at Dhaka EPZ, told The Daily Star. "Some officials unusually delay setting the quantity and sometimes, we have to pay more than the fees."

Responding to exporter worries, Bangladesh Export Processing Zones Authority (BEPZA) Chairman Jamil Ahmed Khan has recently wrote a letter to the chairman of the National Board of Revenue (NBR) on the issue.

The BEPZA chairman urged NBR to exclude EPZ exporters from some of the provisions of the Bonded Warehouse Licensing Regulations 2008.

Denying the allegations of hassles and bribes, an NBR high official said: "There may be some complexities in complying with the fomalities. But it is not fair to draw conclusions agaisnt all the customs officials."

A few officials may be guilty of taking extra money from exporters but most officials are not involved in wrong doings, he added. The bonded warehouse facility is important to

export-oriented industries, especially garment industries -- in reducing lead-time and keeping product prices competitive. The previous caretaker government brought

changes to the bonded warehouse guidelines to curb the illegal practices by some dishonest businessmen. Some businessmen misused the bonded ware-

house facility by selling the duty-free imported raw

materials and finished goods to the local market. Licence holders also sometimes used fake addresses to escape the monitoring mechanism of

the customs authorities. Some alleged businessmen also do not maintain records that show their export and import activities to

abuse the facility. However, the government has recently taken steps to bring bond activities under the automated system.

Under the system, the issuance of bond licences,

file movement register, utilisation declaration (UD) and lean bank activities will be done online. Officials hope that automation will help check

irregularities in renewing licences and setting import limits. The bonded warehouse licence is given to import

raw materials without any duty charges against a commitment of exporting the finished products. It aims to make exports more competitive.

All the imported goods are stored at the bond holder's warehouses and in case of failure to export, importers are to pay duty charges and taxes for the rest of the goods imported.

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#### (As of Friday) **Ousted Russian** investor wants to

help finance Saab

AFP, Stockholm

new company.

Stocks

**DGEN** 

CSCX

MUMBAI

TOKYO

SINGAPORE

SHANGHAI

SOURCE: AFP

Russian billionaire Vladimir Antonov, forced out of Dutch carmaker Spyker before it bought Saab from General Motors, said in comments published Saturday that he

wants to help finance the

"There is unfortunately widespread economic crime in Russia but we don't take part in that, and are rather victims of it," Antonov told Swedish business daily Dagens Industri.

"If GM gives me that possibility, I will gladly invest (in Saab) both as an owner and as a lender," Antonov added, arguing GM was behind his exclusion from the Saab deal.

When Spyker announced its 400-million-dollar purchase of Saab from GM on January 26, it said its CEO Victor Muller would be taking up the whole of Antonov's 30 percent stake in Spyker, without giving a reason.

But on Friday, Antonov said he was taking part in financing the Saab deal despite no longer holding a stake in Spyker, through a loan from his Convers Group company to Muller's Tenaci holding. "I can definitely confirm

that I paid the first part (of the loan), that 25 million dollars were made available to Tenaci by Convers Group. That is totally true," he told Svenska Dagbladet newspa-

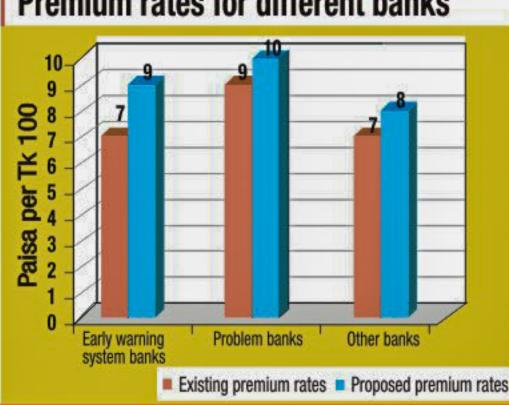
On Saturday, the same newspaper quoted Antonov as saying he was open to offering more financing to Saab Spyker, which he said could enter the Russian market with his help.

He also said he wanted a Saab plant in Russia.

"It depends on GM changing its mind and letting me in. If so, we will plan on opening a plant in Russia and starting production."

## **Premium rates for different banks**

Deposit insurance premium to rise



the central bank will go for amendments to the to pay the new premium rate is the first half of Deposit Insurance Act 2000, a law that enables it to fiscal year 2010-11.

Deposit insurance system was first introduced in "The BB has recently approved the new risk Bangladesh in August 1984 aiming to minimise the risk of loss of money deposited with banks.

The Deposit Insurance Act 2000 says in case of an insured bank's collapse or bankruptcy, BB shall pay an amount equal to the money of each depositor of He thinks the tentative time banks might have that bank. However this amount will now not exceed

Tk2lakh, which was earlier Tk1lakh. As per provisions of the law, the premium

collected from the insured banks are deposited in an account called the Deposit Insurance Trust Fund, maintained by the central bank. Presently, all 48 scheduled banks operating in the country are members of this Fund, which provides full protection to 88.7 percent of the depositors. Cumulative deposit insurance revenues have

stood at Tk 764 crore at the end of June 2009. As on December 31, 2009, the Fund's total assets reached Tk 1,256 crore, of which Tk 1,250 crore are invested in government securities. Bangladesh has not so far experienced any

collapse of a bank, although three banks can be cited as crisis-ridden ones. These banks were BCIC, Oriental and Bangladesh Commerce Bank. Against this backdrop, the Deposit Insurance Trust Fund has remained unutilised since its inception. In this context another BB official said, "The

central bank managed panicky depositors well by restructuring BCIC, Oriental and Commerce Bank when those banks fell into severe crisis."

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## Benapole trade suspended

A CORRESPONDENT, Benapole

Import and export between Bangladesh and India through Benapole port remained suspended since yesterday morning.

The border trade came to a pause as tension spread between pro-Congress workers union and pro-Trinamool Congress workers union on the Indian side (Petrapole) of Benapole centering establishing domination.

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### **Nestle sets sights** on emerging markets

AFP, Vevey, Switzerland

Nestle, the world's biggest food company, on Friday posted a 42 percent drop in its 2009 net profit and set its sights on one billion new customers in emerging markets over the coming decade.

The profit of 10.4 billion Swiss francs (7.1 billion euros, 9.6 billion dollars) marked a retreat to the Swiss group's performance in 2007, but was largely in line with analyst estimates compiled by business news agency AWP.

"2009 was interesting but turbulent and challenging," chief executive Paul Bulcke told reporters, adding that he was "responsibly optimistic" for 2010 as the food giant targets growth despite overall "economic uncertainty."

