Star Business

DHAKA FRIDAY MARCH 12, 2010

Stocks

DGEN	▼ 0.36%	5,499.83
CSCX	▼ 0.40%	10,458.78

Asian Markets

MUMBAI	▲ 0.41%	17,167.96
TOKYO	▲ 0.96%	10,664.95
SINGAPORE	▲ 0.41%	2,873.91
SHANGHAI	▲ 0.08%	3,051.28

Currencies

	Buy Tk	Sell Tk
USD	68.62	69.62
EUR	92.16	96.31
GBP	101.21	105.50
JPY	0.74	0.79

SOURCE: STANDARD CHARTERED BANK

Commodities

Gold	▼	$1,108.70 (per ounce)
Oil	▲	$82.13 (per barrel)

SOURCE: AFP (Midday Trade)

News in Brief

India's SpiceJet to connect Dhaka

PALLAB BHATTACHARYA, *New Delhi*

India's budget airline SpiceJet will launch international operations in June with flights to Dhaka, Kathmandu and Colombo.

The carrier, which will complete five years of operations in May, will serve its foreign network with a current fleet of B737 planes, an airline executive said.

India receives about 15 percent of the 5.4 million foreign tourists from Bangladesh and Sri Lanka.

Air traffic on routes connecting Bangladesh, Nepal and Sri Lanka has been increasing at 13-14 percent and one of the main reasons for that is enhanced business travel, said travel industry sources.

The launch of SpiceJet flights to Dhaka, Colombo and Kathmandu could also trigger a fresh fare war in these sectors and the no-frill carrier will take on competition from state-owned Air India and private Jet Airways and the latter's budget arm Jetlite, they said.

At present, a return ticket on most flights on these routes costs over Rs 12,000 (Tk 18,244) but the entry of SpiceJet could change that.

SpiceJet will be the second Indian private airline after Jet Airways to step into international operations after having completed the mandatory five years of domestic service.

Obama renews call on China over yuan

AFP, *Washington*

US President Barack Obama Thursday called on China to embrace a "market oriented" exchange rate for its yuan currency, saying such a move would help rebalance the global economy.

Obama said in an advance copy of a major speech on trade he was due to deliver later in the day that the world needed to rebalance the mix of exports and imports driving growth in the aftermath of the financial crisis.

"Countries with external surpluses need to boost consumption and domestic demand," Obama said in the remarks released by the White House.

AMRAN HOSSAIN

A young man, *left*, poses as a company mascot while an attendant of the Etihad Airways stall looks on at the seventh Dhaka Travel Mart, a three-day tourism fair that started at Dhaka Sheraton Hotel yesterday.

Cement makers up for expansion

SAJJADUR RAHMAN

The expansion of the cement industry is underway, thanks to the government's move to materialise its huge plan of building big infrastructure projects such as Padma Bridge, elevated expressway and other road projects.

The industry has been growing at 10-12 percent for the past several years, except for 2007 when demand for this construction material came down to its lowest.

"We expect cement consumption to grow by at least 15 percent in the next several years on rising demand for infrastructure projects," said Mostofa Kamal, president of Bangladesh Cement Manufacturers Association, and owner of Meghna Group that manufactures Fresh brand cement.

Heidelberg (Bangladesh) that makes Scan and Ruby brands, MI Cement Factory that makes Crown brand and Bashundhara Group, the manufacturer of King brand, have also decided to raise its capacity to have a bigger share of the growing market.

Meghna Group is going to raise its capacity by 4,000 tonnes a day to take production at 11,000 tonnes.

Heidelberg is likely to increase its capacity by 2,000 tonnes a day and Bashundhara 1,000 tonnes, while MI Cement plans to double the existing 3,000-tonne production a day, according to officials of the companies.

Some other big companies are taking a 'wait-and-see' approach to observe how the government moves to carry out its development works.

According to market players, the industry is saturated with nearly 120 companies registered with an annual capacity of 21 million tonnes against demand for around 11-12 million tonnes as per the 2009 consumption pattern.

Cement consumption was nine million tonnes in 2008 and eight million tonnes in 2007, down from 8.4 million tonnes in 2006 because of less demand from the construction sector.

Cement consumption rose three times higher in just 10 years -- between 1999 and 2009. Per capita consumption was just 22 kilograms in 1999, which reached over 65 kilograms in 2009.

Real estate companies and individuals are the main consumer of cement, manufacturers said, pointing to the fact that government projects consumed a little during the past decade.

They said the companies plan to expand despite a saturated market, mainly because of reducing their production costs.

"We want to strengthen our foothold in the market by slashing production costs," Kamal said.

Alamgir Kabir, managing director of MI Cement Factory, said his company is trying to reach its optimum level.

"Raising the capacity will help us reduce production costs," Kabir, also a vice president of the manufacturers' association.

The Crown brand cement maker will also boost its export to Northeastern India, he added.

Of the 120 cement companies registered with the relevant government agencies, around 80 companies are in operation. Some small manufacturing plants in northern and southern parts of the country had already been shut down in the last few years, as those lost out their competitiveness to big players.

Multinational Heidelberg Cement meets 13 percent of Bangladesh's demand from its two plants in Dhaka and Chittagong. Another multinational company Holcim (Bangladesh) has an 8 percent market share in Bangladesh and 17 percent in capital Dhaka, according to website data.

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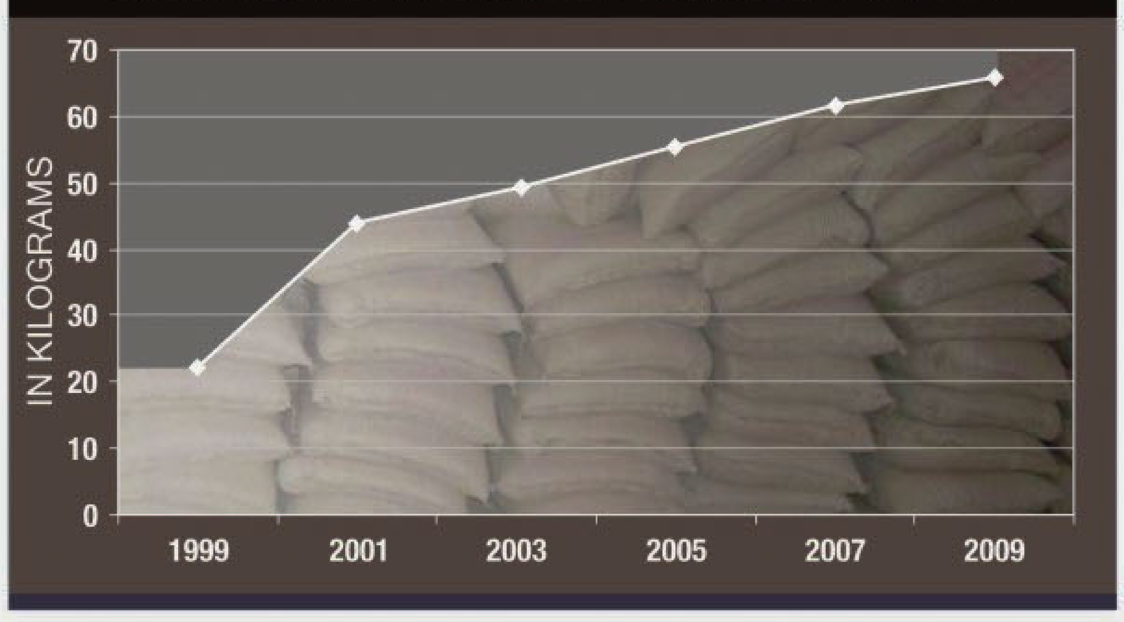
PER CAPITA CEMENT CONSUMPTION



BGMEA to issue country of origin certificates

REFAYET ULLAH MIRDHA

The government has empowered BGMEA to issue country of origin (COO) certificates to apparel exporters from next week to help them reduce their time for shipment, Commerce Minister Faruk Khan said yesterday.

Now state-run Export Promotion Bureau (EPB) issues such certificates to declare the products' manufacturing countries. Bangladesh Garment Manufacturers and Exporters Association (BGMEA) said the EPB takes much time to do so which harms the exporters.

The minister said the government also considers empowering Bangladesh Knitwear Manufacturers and Exporters Association (BKMEA) to issue these certificates.

"I have allowed the BGMEA to issue the COO certificates to make the export process quicker and simpler as the EPB makes delay," Khan told The Daily Star.

The BGMEA will be able to issue such certificates soon as all the formalities have already been completed from the commerce ministry, Khan said, adding that an official announcement has also been made.

He said the ministry has given priority to the trade bodies through such initiatives of empowering. If anybody misuses such power, he will be punished, Khan added.

BGMEA President Abdus Salam Murshedy said it takes two to three days to get the COO certificates from the EPB, which puts them in a struggle to meet the buyers' specified lead time.

The average lead time for shipment from Bangladesh is 90 days if the products are sent by sea, Murshedy said, adding that previously the time was 120 days.

Many buyers do not come to Bangladesh because of a long lead time, but recently it was possible to reduce the time by speeding up some formalities, he said.

"If we can't send the products within the lead time, we have to make shipment by air, which is very costly," the BGMEA boss said.

He said the apex apparel trade body will soon start printing and issuing the certificates. The exporters will get the COO certificates in a day, as there will be a separate desk and dedicated officials for issuing such certificates.

BKMEA President Fazlul Hoque hailed the government move and said almost all the countries and buyers now demand such certificates to avoid any hassle.

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Ministry seeks fund for tourism campaign

Three-day fair kicks off

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The civil aviation and tourism ministry has demanded an allocation of Tk 1,000 crore in the national budget for 2010-11 to develop infrastructure for the tourism industry.

Of the total amount, the ministry plans to allocate Tk 10 crore for campaigning to showcase attractive and potential tourist spots to the world and boost the inflow of foreign tourists.

According to ministry statistics, 4.35 lakh foreign tourists visited Bangladesh in 2009, which was a sharp rise from 3.82 lakh in 2008, 2.65 lakh in 2007, 2 lakh in 2006 and 2.07 lakh in 2005. Most tourists came for business purposes.

The government is being pressured for years now to allocate funds for promotional activities in and around the world, said industry insiders.

"The fund that has been allocated every year to develop the sector is insignificant. Only Tk 3 crore was allocated for the current fiscal year. It requires huge funds to become a top revenue generating sector," said GM Quader, civil aviation and tourism minister, yesterday.

"The majority of the allocation will be utilised to develop infrastructure, including construction of better roads and highways. Simultaneously, ensuring better security for local and foreign tourists also needs large investment."

Quader was speaking at the launch of the seventh Dhaka Travel Mart, a three-day tourism fair, organised by travel and tourism fortnightly Bangladesh Monitor at Dhaka Sheraton Hotel.

"At present, we have no allocation for promotional campaigns, although it is an important part of tourism," said Quader. "So we need to take necessary steps to attract more foreign tourists."

The cabinet has recently approved development of an exclusive tourist zone in Cox's Bazar.

Kazi Wahidul Alam, editor of The Bangladesh Monitor, urged the government to make tourism friendly policies and facilitate local tour operators and travel agents to enhance growth of the sector.

"Both an increase in the number of local and foreign tourists and good business by local tour operators pushed the tourism industry this far."

"We need to create an environment that will encourage more people to travel across the country and abroad," Alam said. "It will eventually benefit the national economy."

Engineer Mosharraf Hossain, chairman of the parliamentary standing committee on civil aviation and tourism ministry, stressed the need to immediately implement tourism friendly policies.

A total of 46 organisations, including airlines, hotels, tour and cruise operators and resorts, are showcasing their products and services at the three-day international tourism fair with special discount packages.

Participant from Malaysia, China, United Arab Emirates, Kuwait, Nepal and India are also taking part in the fair.

Biman Bangladesh Airlines offers 25 percent discount on tickets and booking on some specific routes, including Dhaka-Kathmandu and Dhaka-Delhi.

Etihad Airways, the national airline of United Arab Emirates, is offering 15 percent discount on premium cabin tickets from Dhaka to London, Manchester, Frankfurt, Munich, New York, Chicago, Toronto and Cairo.

The premium partners of the fair are Eastern Bank Ltd (EBL), Biman Bangladesh and GMG Airlines.

The fair will be open for all from 10 am to 8 pm with an entry fee of Tk 20 a person.

Muhammad Zakiul Islam, managing director and CEO of Biman Bangladesh Airlines, and Mamun Mahmud Shah, deputy managing director of EBL, also spoke at the inaugural ceremony.

Jul-Jan exports drop

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Overall exports in the July-January period of this fiscal year have experienced a fall, although the January figure shows a 3.49 percent rise.

Export Promotion Bureau data show that Bangladesh shipped products worth $8.7 billion, around 4.69 percent short of the amount fetched in the same period a year ago.

The performance also falls over 12 percent short of the $9.9 billion strategic export target for the first seven months of FY 2009-10. Overseas sales of Bangladeshi products stood $9.1 billion during in the time.

In January, the amount fetched from exports reached $1.42 billion from $1.37 billion in the same month a year earlier.

Pointing to the late fallout from global recession and a shortfall in power supply as main reasons for the decline, Bangladesh exporters fear a failure in gaining the $17.6 billion export target for the current financial year.

Shafiul Islam, second vice president of Bangladesh Garment Manufacturers and Exporters Association, said, "Now the readymade garment sector, the prime foreign exchange earner, is stuck in two problems: international financial crisis and recurrent power outage. It requires concerted efforts of all to save the industry".

Had the government taken proper measures earlier, the situation would not have turned worse, the RMG exporter pointed out.

"Although we have cried for government intervention in the wake of a financial meltdown worldwide since April 2009, it didn't pay heed to us on the plea that Bangladesh remains immune from the recession fallout," Islam added.

He also urged the government to solve the power crisis to save the RMG industry.

When Commerce Minister Faruk Khan's attention was drawn to the fall in exports, he said he is hopeful of achieving the target this time because the country's export earnings has again embarked on growing trend.

"Exports grew in January and February. So we hope it would be possible to cover the shortfalls of previous months and achieve export target," Khan told The Daily Star yesterday over phone.

In this context the minister pointed his finger at a review meeting, organised 15 days back by the government and attended by the stakeholders of the export sector, saying that the government is very sincere about the sector.

On power crisis in the industrial sector, he said the government is trying to solve the problem.

According to EPB statistics, all the major export items including knitwear, woven garments, home textile, leather, frozen food, foot wear, textile fabrics and tea witnessed sharp to moderate fall during July-January.

Knitwear, the mainstay of export earnings, sustained 6.85 percent decline earning $4.1 billion, while woven garments earned $3.8 billion, with a 6.99 percent fall.

Exports of jute goods, electronics, petroleum bi products, raw jute and engineering products marked growth and also touched target for the period.

The items that experienced growth in exports but lagged behind the target include melamine tableware, camera parts, leather bags and purses, cut flower or foliage, handicrafts, computer services and agro-processed foods.