Leather exports to China shoot up

SAYEDA AKTER

The July-April exports of finished and crushed leather have marked a 16 percent uptick, as local makers found a new destination for their products -- China.

Export Promotion Bureau data show exporters earned around $175 million during the period, up from $151.22 million in the same period a year ago.

Leather exports dropped significantly in the last 16 months, mainly because of a fall in demand amid global recession. However, exports went upward from February.

The state-run promotional agency has pointed to the $177.32 million leather exports in fiscal year 2008-09, while the figure was $284 million in FY2007-08.

The leather industry's current overall market size is worth around Tk 3,500 crore a year, industry insiders say.

They said demand for crushed and finished leather in China increased enormously in recent months, enabling the exporters to clear their stocks.

Tipu Sultan, director of Bengal Leather Complex Ltd, a major leather exporting company, said the increasing demand in the world's third largest economy fueled the growth of local leather exports.

"Most of our exports of crushed leather went to China in recent months, as the manufacturers in that country produce leather goods targeting two large fairs -- the on-going six-month long World Expo 2010 in Shanghai and the upcoming Asian Games."

"These two events have turned out to be a boon for our exporters, and they sent a major portion of their produces to China," Sultan added.

He suggested the local manufacturers and exporters develop contacts with Chinese importers to capitalise on the opportunities the large market provides in the long run.

Rezaul Karim Ansari, chairman of Bangladesh Finished Leather, Leather Goods and Footwear Exporters Association, said exporters are pleased with the increase in exports.

However, Ansari thinks this growth might not sustain, as the demand for finished leather in Europe and the US is still declining because a large number of people remain jobless, a consequence of the financial meltdown worldwide.

The sector's trade body leader also pointed to the fact that many exporters opted to produce value added products, such as footwear and bags, as an alternative way in the face of global recession. "Leather exporters lost almost half their running capital because of the economic downturn," Ansari said.

"Currently a growing demand for raw hide is replacing the demand for finished leather in the international market. And, we do not export rawhide. This has worsened our situation," he explained.

Leather is an important export item for Bangladesh, as it fetches impressive amount of foreign currency. Some of the most common export leather items are shoes, bags and purses.

Bangladesh has plenty of rawhide, as every year thousands of sacrificial cattle and goats are slaughtered to celebrate Eid-ul-Azha, a religious festival for the Muslims. Local tanners collected more than 29 lakh pieces of cowhide and 45 lakh pieces of goatskin during the last Eid-ul-Azha in November.

Local tanners produce four types of leather -- rawhide, wet blue, crushed and finished leather. The country mainly exports crushed and finished leathers, the demand and sale of which has declined in international market.

Of the total leather exports from Bangladesh, 80 percent is crushed leather and the rest is finished. The products are mainly sent to USA, Italy, Germany, Japan, Korea and China.

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SONALI BANK

Prime Minister Sheikh Hasina receives a cheque for Tk 1.05 crore from Sonali Bank Chairman Quazi Baharul Islam for the victims of Nimtoli tragedy, at Ganabhaban in Dhaka on Tuesday. Janata Bank and BRAC Bank also contributed Tk 1 crore and Tk 30 lakh recently to the premier's relief and welfare fund for the same purpose.

2 more boutique hotels to open in Dhaka

REFAYET ULLAH MIRDHA

Platinum Suites, a concern of Sheltech Ltd, will construct two more 'smart boutique hotels' in Dhaka with a total investment of Tk 132 crore, as its first such hotel opened last year was a success.

The company will open a 26-room hotel in the city's Uttara area. The construction work of the six-storey building already began in January.

The construction of the second one, a 15-storey building with 50 rooms, will start in Banani in September, Tanvir Ahmed, director (development) of Platinum Suites and Sheltech (Pvt) Ltd, said yesterday.

He said the Uttara project would open by June next year and Banani project by March 2012.

Ahmed said the total costs for the two hotels will be around Tk 132 crore.

Boutique hotels differentiate themselves from larger chain and branded hotels and motels by providing personalised accommodation and services. Typically boutique hotels are furnished in a themed and stylish manner. These usually are smaller than mainstream hotels, having 3-50 guest rooms.

Ahmed said the boutique hotels will have indoor swimming pool, spa, fitness centre, specialised Japanese restaurant, roof garden and round-the-clock coffee shop.

Sheltech Ltd, a leading construction firm, opened its first smart boutique hotel, the 24-room Platinum Suites, at Banani in July last year at a cost of Tk 30 crore.

"I am satisfied with the turnover from my first project within one year. I am going for a major expansion as I see the hospitality business is growing at a commendable rate due to the arrival of international guests and apparel buyers in an increasing number," Ahmed said.

Chittagong is the next target for constructing such smart hotels as this business hub has good potential. "But I have no immediate plan for Chittagong. I will go for Chittagong project after 2012," he said.

Platinum Suites, through expansion of its business, wants to exploit the hospitality sector with top priority in providing sophisticated services and facilities to the business class clients both from home and abroad, Ahmed said.

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Finnair says outlook improves

AFP, *Helsinki*

Finnish airline Finnair signalled an improvement in business prospects on yesterday, ditching an earlier outlook for a worse second quarter.

It said it expected its April-June operating figures to show an operating loss similar to or smaller than the first-quarter figure.

It had previously forecast the second-quarter result to be "clearly worse" than the January-March operating loss of 26 million euros ($31.1 million).

"We naturally cannot be satisfied with a loss-making result, but the trend in profitability is encouraging," Finnair CEO Mika Vehvilaeinen said in a statement.

The forecast upgrade stems from "better than expected development of demand and unit revenues," Finnair said.

BMW sales rise 10.8pc

AFP, *Frankfurt*

German luxury car group BMW said yesterday that its unit sales gained 10.8 percent last month from the May 2009 level, and that the BMW brand remained the world's leading premium automobile.

A BMW statement said the group sold a total of 120,843 vehicles, of which 101,775 were BMW-brand cars, despite a slump in Germany and the United States.

The group also owns the Mini and Rolls-Royce brands.

Saarc chamber chief calls for greater Chinese ties

STAR BUSINESS DESK

Annisul Huq, president of Saarc Chamber of Commerce and Industry, has urged China to promote bilateral trade and economic cooperation with South Asia.

He was addressing the inaugural session of the fifth China-South Asia Business Forum at Kunming in China on Sunday.

Qin Guangrong, governor of the Yunnan Province of China, inaugurated the session. He said China was willing to establish profound economic relations with the South Asian countries. He added the countries had potential to penetrate the world's second largest economy.

Huq, also the president of the Federation of Bangladesh Chambers of Commerce and Industry, emphasised preferential market access for South Asia to the Chinese market and regarded Chinese investment as a tool to promoting China-Saarc trade, which was only $66 billion. China's trade with Asean countries stood at $250 billion.

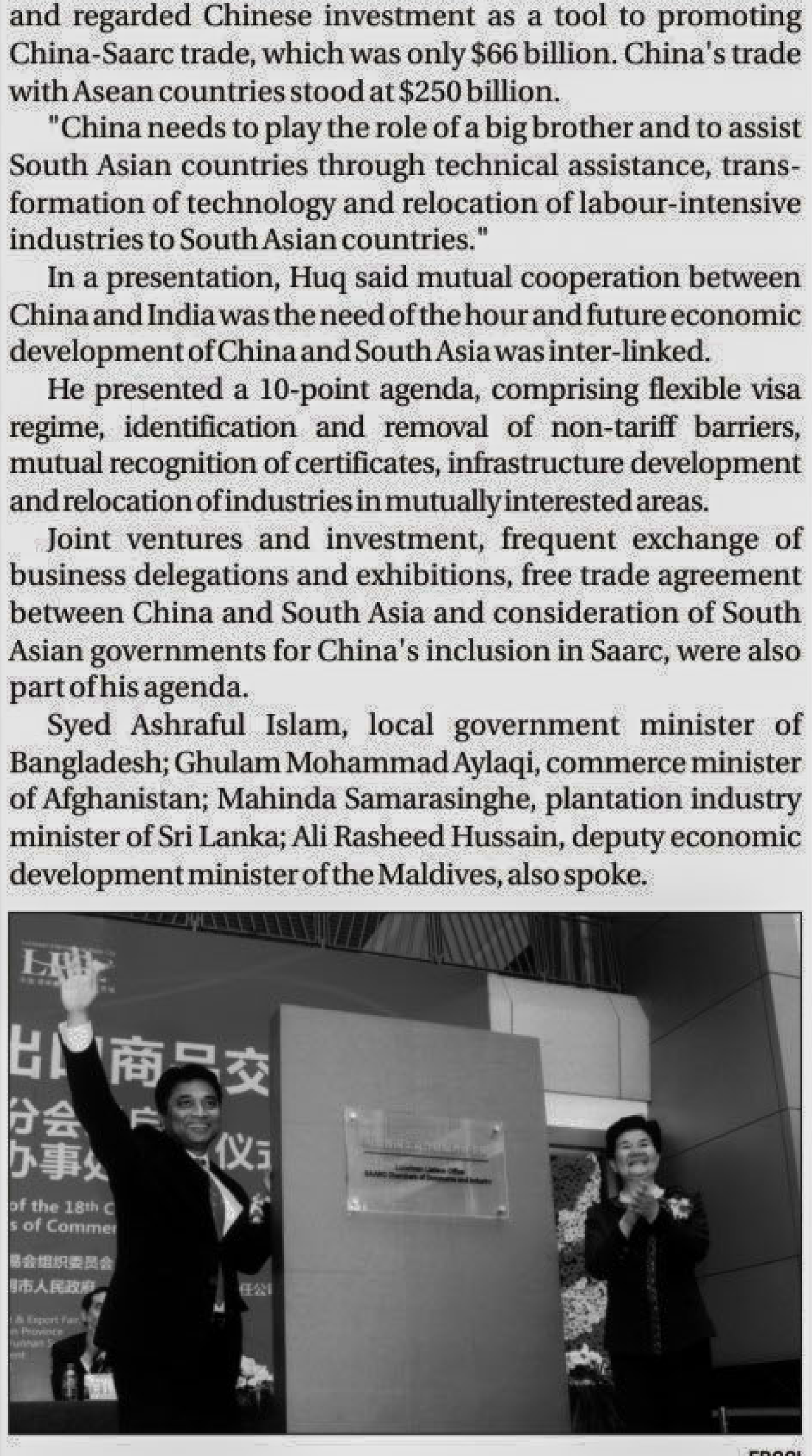
"China needs to play the role of a big brother and to assist South Asian countries through technical assistance, transformation of technology and relocation of labour-intensive industries to South Asian countries."

In a presentation, Huq said mutual cooperation between China and India was the need of the hour and future economic development of China and South Asia was inter-linked.

He presented a 10-point agenda, comprising flexible visa regime, identification and removal of non-tariff barriers, mutual recognition of certificates, infrastructure development and relocation of industries in mutually interested areas.

Joint ventures and investment, frequent exchange of business delegations and exhibitions, free trade agreement between China and South Asia and consideration of South Asian governments for China's inclusion in Saarc, were also part of his agenda.

Syed Ashraful Islam, local government minister of Bangladesh; Ghulam Mohammad Aylaqi, commerce minister of Afghanistan; Mahinda Samarasinghe, plantation industry minister of Sri Lanka; Ali Rasheed Hussain, deputy economic development minister of the Maldives, also spoke.



FBCCI

Annisul Huq, president of Saarc Chamber of Commerce and Industry and Federation of Bangladesh Chambers of Commerce and Industry, inaugurates the liaison office of Saarc chamber at Kunming Luosiwan International Trade City in China on June 6.

GRAMEENPHONE

Sigve Brekke, chairman of Grameenphone Ltd, speaks at the company's 13th annual general meeting at Bangabandhu International Conference Centre in Dhaka on Tuesday. Oddvar Hesjedal, chief executive officer, and other board members of the company are also seen. The company declared 60 percent dividend for 2009. (Story on B1)

IMF warns Asia of spillovers from European crisis

AFP, *Singapore*

The International Monetary Fund (IMF) warned Asia yesterday of potential spillovers from the European debt crisis, which is unfolding a decade after the region underwent its own financial turmoil.

"Adverse developments in Europe could disrupt global trade, with implications for Asia given the still important role of external demand," IMF deputy managing director Naoyuki Shinohara told a forum in Singapore.

On the financial front, he said major credit problems could result in a "significant spillover" through funding channels, especially where banks depend on wholesale funding.

The crisis has also increased the potential for uncertainty and volatility in the outlook for capital flows, Shinohara said at the forum hosted by the Monetary Authority of Singapore, the de facto central bank.

He said Asia's bright growth prospects, together with low interest rates in major economies, would likely attract more capital that could "lead to risks of overheating in some economies if appropriate policy action is not taken.