

Stocks	
DGEN	Flat 6,672.96
CSCX	Flat 12,764.23
IDLC Index	
IDLC 50	▲ 0.04% 6,793.70

Asian Markets	
MUMBAI	Flat 18,073.90
TOKYO	▼ 0.86% 9,212.59
SINGAPORE	▼ 0.75% 2,927.04
SHANGHAI	▼ 1.23% 2,575.48

Currencies	
Buy Tk	Sell Tk
USD	68.77 / 69.77
EUR	87.19 / 91.29
GBP	106.37 / 110.74
JPY	0.79 / 0.86

Commodities	
Gold	▲ \$1,199.00 (per ounce)
Oil	▼ \$77.57 (per barrel) (Midday Trade)

Market syndicate couldn't be broken: Muhith

BSS, Dhaka

Finance Minister AMA Muhith said yesterday that syndicates controlling markets are so strong that the government could not break the circle yet.

"We couldn't break the syndicate. There are only five people controlling the sugar market. The situation for soybean is much better," he told reporters after a meeting with a delegation from Saarc Chamber of Commerce and Industry at the ministry.

He also said the only way to control the prices of commodities is by increasing competition in the market.

"A competition law will take some time to take shape."

Without any doubt, the government is a stronger force than any other, but "there are many powerful persons in the country at present," he said.

HELLO KITTY QUALITY

RMG exports to Japan surge

REFAYET ULLAH MIRDHA

Hasan Shibli, director of marketing at Base Textiles Ltd, was at his keyboard Wednesday in his meticulously neat office, primly typing in English to a new client despite the tiny beads of sweat forming at the edge of his grey-tinged but full head of hair.

His Gulshan Avenue office is air-conditioned, but yet another power outage has hit, and his generator can only support the PC, internet connection and some lights. His company exported garments worth Tk 175 crore (\$27 million) in 2009, and he is determined to keep growth rapid despite the uncertain US economy. He is now negotiating with a Japanese buyer to supply two million T-shirts next year.

"It is just the beginning," says Shibli. "We started exporting to Japan two years ago. A lot of new customers are also coming to Bangladesh to purchase the Bangladeshi-made fine garments."

His interest in Japan is an example of Bangladeshi exporters looking to the Japanese market as the hottest new export destination. Apparel manufacturers and exporters are desperate for merchandisers who can speak Japanese, to get a foot in the door of an apparel market worth more than \$35 billion a year.

Currently, Base Textiles is making one million T-shirts for the Japanese buyers. In 2009 it exported 2.5 lakh T-shirts to Japan. It started in 2008, with exports of 60,000 T-shirts.

Apparel exports from Bangladesh started to pick up after the Japanese government announced the China+1 strategy in 2008.

Japan is keen to reduce its dependence on China, the largest supplier of apparel items globally. The China+1 policy promotes shifting production from China to other nations, such as Bangladesh.

Being a member of the least developed countries' group, Bangladesh has duty-free access to Japan for woven product (under the generalised system of preferences, or GSP).

Knitwear faces a duty of 17 percent, as Japan clings to its aging knitwear industry.

Fazlul Hoque, former president of Bangladesh Knitwear Manufacturers and Exporters Association (BKMEA), said the Japanese government invited the BKMEA leaders to talk about duty-free access for knitwear. The BKMEA had asked Japan to relax rules-of-origin for knitwear items.

Hoque has travelled to Japan several times to woo both Japanese buyers and investors to Bangladesh. If Japan allowed duty-free knitwear, it would be a great opportunity for Bangladesh, he says.

He calls the invitation by the Japanese government "a positive indication." Hoque adds that Dhaka's decision last year inspired exporters with a cash incentive of 5 percent of each apparel

shipped to Japan.

The former Bangladesh Garment Manufacturers and Exporters Association (BGMEA) President Anwar-Ul-Alam Chowdhury Parvez said Japanese customers are a long-term and stable opportunity.

"We should avail ourselves of the opportunity," Parvez says. "We should handle with them with care, as they rely on quality."

He says manufacturers need separate production lines for the Japanese customers, as they never compromise on quality. On the other hand, Japanese buyers can afford to pay for high quality, the former BGMEA boss says.

Garment exports to Japan maintained roughly a 175 percent growth rate between 2008-10 (though the last two months data are not yet in), according to the Export Promotion Bureau.

Even with the duty, Bangladesh registered a 231 percent rise in knitwear exports to \$60 million in the first 10 months of the past fiscal year; and earned \$90 million from woven garment exports -- 121 percent growth over the same period a year earlier.

The Japanese textile and clothing investors are also coming to Bangladesh. Three apparel factories -- Maruhisa, Yokohama Tape and TM Textiles -- started business in Bangladesh since 2009.

Three related companies (NI Teijin, CHORI and FVG) have opened liaison offices in Dhaka, and two companies opened quality-control inspection centres (PQC and K2) to meet Japanese national standards. (Japan Industrial Standards, or JIS, differ from ISO standards.)

Japan's Fast Retailing Company Ltd, which owns Japan's casual-clothing chain Uniqlo, signed a \$100,000 agreement with Bangladesh's Grameen Bank Group on July 13 to produce garments at the group's factories. Uniqlo opened a liaison office in Dhaka in 2008.

Another major Japanese apparel manufacturer, Onward Holdings Co, launched social-contribution projects in Bangladesh.

In time, the Japanese customers of local RMG factories will come to terms with domestic issues, such as power shortages and other disruptions, as well as low labour costs, observers say.

"It will take time to understand each other, because Japanese customers know Chinese industries," said Takashi Suzuki, representative of JETRO, Dhaka. "They should know other countries, like Bangladesh and Vietnam."

Ultimately, he argues, Bangladesh must increase its productivity growth if it is to remain attractive to the land that brought the world the famous trademark Hello Kitty. Until then, the honeymoon between Japan and Bangladesh's RMG sector seems to be an increasingly happy one.

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Customers queue in front of a mobile sales point of Desh Bondhu Sugar Mills Ltd near the National Press Club in Dhaka yesterday. The company, a concern of Desh Bondhu Group, will sell its Deshi-brand sugar throughout Ramadan for Tk 45 a kg. It has allocated three tonnes of sugar for open sale in the capital a day. A person can buy up to two kilograms at a time.

India-friendly port by 2013

Ashuganj to handle Tripura cargo

JASIM UDDIN KHAN

Bangladesh and India agreed to construct a Tk 250 crore container transshipment port in Ashuganj by January of 2011, a shipping ministry official confirmed yesterday.

The project should be complete by 2013, but trade may rise earlier as Ashuganj already has some infrastructure. India has for decades sought permission to use Ashuganj for transshipment, because it is only 49 km from the Tripura border and is navigable throughout the year.

India will supply the equipment needed to develop the port to international standards.

Ashuganj, in the Brahmanbaria district of Chittagong division, will become the port of call for consignments bound for its Palatana power

project in Tripura.

Bangladeshi goods, including cosmetics, food and beverages, toiletries, hardware and batteries, will also be exported to the northeastern territories of India via the newly commissioned port.

The cost of the port upgrade will be paid from the \$1 billion credit line that India extended to Bangladesh.

The Ashuganj river port will become the second transshipment point for Indian cargo shipped to Tripura and beyond, to other Indian states in its northeastern region.

The first transshipment point in Bangladesh opened in Sherpur, Sylhet in 1972, but never operated, as it lacked infrastructure.

Ashuganj will be the nation's fifth port of call where Indian cargoes can be unloaded or Bangladeshi products can be loaded for shipment to India.

The ports of call in Bangladesh are Narayanganj, Sirajganj, Khulna, Mongla and Ashuganj. The ports of call in India are Kolkata, Haldia (West Bengal), Pandu (Gouhati), Karimganj and Shilghat (Assam).

"A project profile was finalised and sent to economic affairs to approve it for launching the programme as soon as possible," the official said. He estimated initial cargo volume at one lakh containers a year.

The Indian government will pay for refurbishing the 49-km road from Ashuganj to Akhaura. The government is planning to make the road suitable for the cargo shipments, he said.

An addendum to announce the port of call was signed by the Indian and Bangladeshi shipping secretaries last month, Shipping Secretary Abdul Mannan Hawladar said.

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