

BUSINESS

Jute spinners feel pinch of Middle East uprising

SOHEL PARVEZ

Jute spinners feel the pinch of a slowdown in the demand for yarn due to the ongoing uprising in the Middle East and some North African countries, exporters claimed yesterday.

Spinners said Middle East, North African countries and Turkey import 66 percent of Bangladesh's yarn to use it as a raw material for making carpet. But people in the region are not in a state to feel the need for carpets due to the ongoing political turmoil and war there.

The slowdown in the demand has led to a fall in prices of jute yarn, they claimed.

"The Middle East is a major carpet market for our buyers. But the crisis has affected the demand for the product there," said Muhammad Shams-uz Zoha, chairman of Bangladesh Jute Spinners Association.

Exporters said they have been experiencing a tightened demand and a fall in the prices of jute yarn for the last two-three months as the unrest in the oil-rich Middle East and some North African countries deepened.

Export prices of jute yarn, which was hovering around \$1,500-\$1,700 per tonne in the August-September period last year, has dropped to \$1,100-\$1,150 per tonne now, said Ahmed Hossain, managing director of Nawbab Abdul Malek Jute Mill.

The uprising began in Tunisia protesting high unemployment and political repression. It later spread to Egypt, Libya, Yemen, Bahrain and Syria. The turmoil has already toppled Egyptian former ruler Hosni Mubarak and sparked a war in Libya.

"People in the region are not in a mood to buy non-essential goods like carpet. All are concerned about politics," said Mahmudul Huq, deputy managing director of Janata

- Middle East, North Africa and Turkey import 66 percent of Bangladesh's yarn
- Importers are not buying non-essential goods like carpet now
- Export prices of jute yarn dropped to \$1,100-1,150 per tonne
- Exports earning from jute yarn and twine rose 43 percent in July-March
- Jute yarn accounts for over 60 percent of total exports from the sector
- Bangladesh exported 3.5-3.8 lakh tonnes of jute yarn last fiscal year. The volume was 3.8 lakh tonnes the previous year

Jute Mills Ltd.

"We are worried. We see a drop in the flow of orders for the last two months," Huq said.

Although the jute spinners' claim of a fall in demand, export earnings from jute yarn and twine rose 43 percent to \$381 million in July-March period of 2010-11 fiscal year, up from \$265 million from the previous fiscal.

Exporters, however, said the effect of slowdown in demand and fall in prices on export earnings will be reflected in the later part of current fiscal year.

Jute yarn, which accounts for over 60 percent of total export earnings from the sector, is mainly exported to Turkey.

Muhammad Shams-uz Zoha said carpet factories in Turkey have cut down production because of the Middle East crisis.



"Nobody knows what will happen next," he said.

Belgium, Saudi Arabia, Syria, Jordan and Egypt also buy jute yarn and jute goods from Bangladesh.

Bangladesh, a major exporter of jute yarn, usually exports 3.5 lakh-3.8 lakh tonnes of yarn a year against the global demand of up to 4.5 lakh tonnes.

In the fiscal 2009-10, the volume of jute yarn exports was 3.8 lakh tonnes.

Mahmudul Huq feared that exports in terms of tonnage might drop.

Along with the jute yarn, the demand for some jute goods has also slowed down, a senior official of Bangladesh Jute Mills Corporation, seeking to remain unnamed, said to The Daily Star.

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DSE forms probe committee

GAZI TOWHID AHMED

Dhaka Stock Exchange has formed a five-member committee comprising non-elected directors to investigate the allegations raised against the bourse in a probe report on the recent stockmarket debacle.

"As per the observations of the probe report, the committee will make some recommendations to the DSE," said a Dhaka bourse official, who was present in the meeting on Thursday.

"We will make a work plan as per the recommendations of the probe committee," he added.

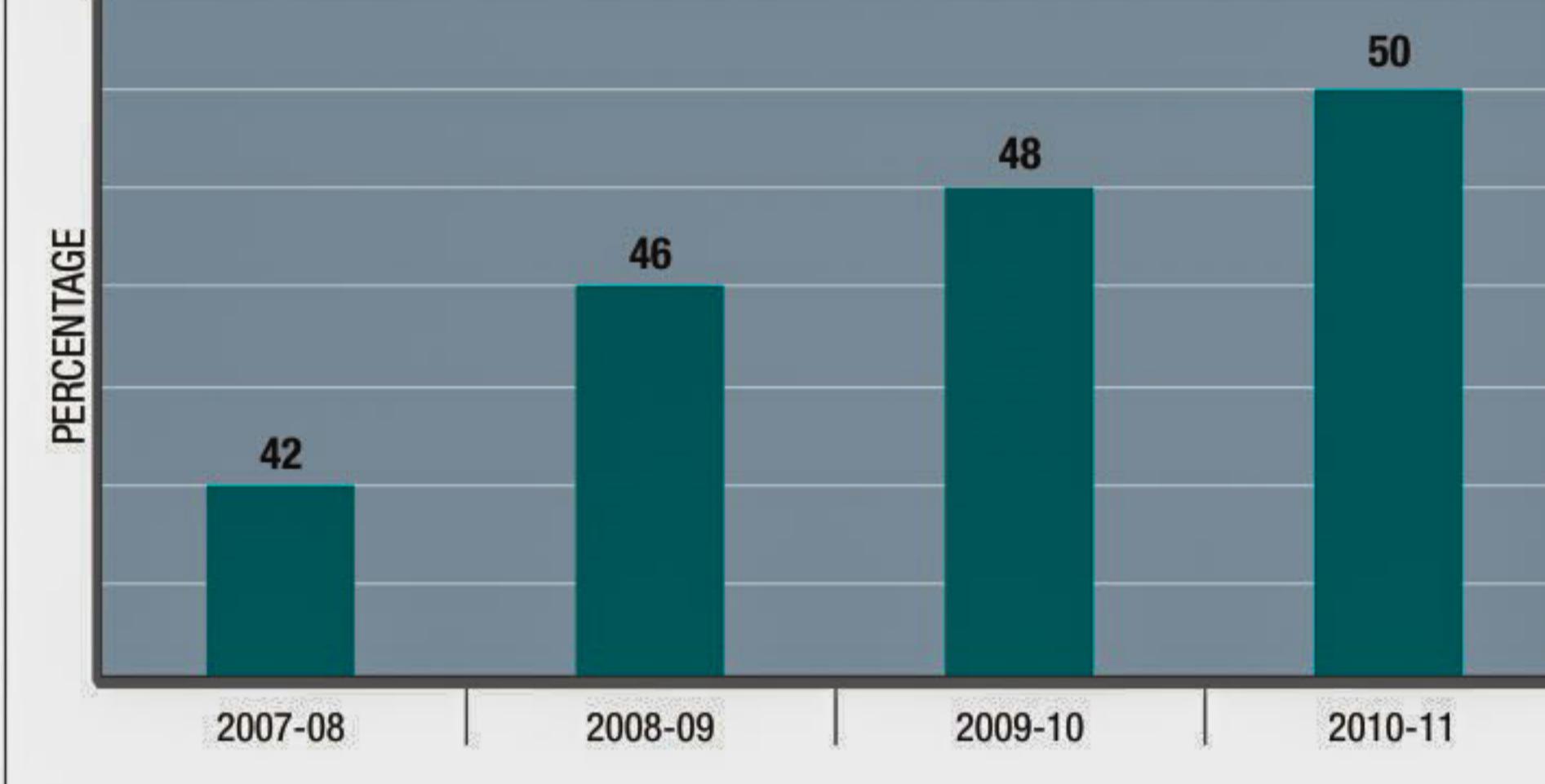
The five members are Sheikh Kabir Hossain, chairman of Bangladesh Insurance Association, Abdul Hashem, professor of accounting and information systems of Dhaka University, Abdul Hafiz Choudhury, former president of Metropolitan Chamber of Commerce and Industry, AKM Rafiqul Islam, former chairman of Bangladesh Insurance Association, SM Matiur Rahman, commander, 46 independent infinity bridge of Dhaka Cantonment.

The committee will be led by Sheikh Kabir Hossain.

The DSE also formed some functional committees such as purchase committee, ICT committee, construction and building committee, discipline committee, and selection committee.

Bigger ADP on the cards

ADP IMPLEMENTATION RATE IN NINE MONTHS



REJAUL KARIM BYRON

Despite poor implementation of the Annual Development Programme (ADP), the government is going to undertake a bigger outlay for the upcoming year.

Officials in the planning ministry said the size of the next fiscal year's ADP would be Tk 46,000 crore, up by around 31 percent from the current year's revised budget of Tk 35,130 crore.

Implementation Monitoring and Evaluation Division (IMED) statistics show only Tk 17,509 crore or 50 percent of the revised allocation was spent during the July-March period of the current fiscal year.

Though the Awami League led-grand alliance government took a bigger ADP to fulfil its electoral pledges and meet higher infrastructure investment needs of the country, the government was hardly able to raise the implementation rate.

During July-March of 2009-10 fiscal year, some 48 percent of the revised allocation for ADP had been implemented, lower by 2 percentage points than the present year.

Local fund utilisation has increased this year against a sharp fall in foreign fund expenditure, planning ministry data shows.

In the first nine months of the current

fiscal year, local fund expenditure stood at 53 percent of the total allocation, up from 48 percent during the same period of last fiscal year.

On the other hand, project aid (foreign fund) utilisation reduced to 43 percent of the total allocation against 47 percent during the corresponding period of the last fiscal.

The government has already cut current year's original ADP to Tk 35,130 crore from Tk 38,500 crore, mainly for a poor utilisation of foreign assistance.

Despite the poor implementation trend, a planning ministry official said the ADP size should be bigger to fulfil the target of government investments in the sixth five-year plan.

Some 270 new projects have been added to the current fiscal year's revised ADP to make the total number to 1,145. Besides, over 1,000 projects are now in the pipeline.

"To meet the additional demand, the size of the new ADP has to be over Tk 47,000 crore," said the planning ministry official.

The official said last week the planning ministry appraised the matter to the Prime Minister. The final decision on whether the allocation will be increased or not will be taken in the next meeting of the resource committee.

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Apparel sector to grow by 14pc a year: Study

STAR BUSINESS REPORT

The Bangladesh apparel market will grow by more than 14 percent annually over the next four years, according to a market research.

The study said apparel products in Bangladesh would see a compound annual growth rate, or CAGR, of 14.3 percent to 2014 driven by an expansion in apparel manufacturing capacity amid increasing export orders.

The research was carried out by RNCOS, an India based market research and information analysis company with a global presence, and the findings were released on Friday.

The study identified Bangladesh's low-cost manpower, competitive energy cost and a proven track record in production and exports as an edge over other competing countries like China, India, Vietnam and Thailand.

CAGR means the year-over-year growth rate of an investment over a specified period of time.

The study revealed that factors,

such as new plant set-ups, capacity expansion in the existing ones along with favourable policies by the government, will enable the industry to register an impressive 14.3 percent CAGR during fiscal years 2011-14.

The report acknowledged that availability of cheap manpower and low energy costs have propelled apparel production in the country and positioned Bangladesh as a competitive exporter of the apparel items in the global trade arena.

The country's export leadership is evident from the fact that the country ranked fourth in exports followed by China, EU-27 countries, and Turkey in 2009," said RNCOS in its report.

The major export segments -- knitwear, woven wear and sweaters -- have registered stupendous export growth during the past few years and it is anticipated that in the coming years, the export growth will further intensify, said the report.

"The impact of improving buying power is quite visible on the domestic market as consumers are now buying branded apparels and spending a considerable part of their disposable income on textile and clothing," it added.

Bangladesh's apparel industry has grown manifold in the last decade. The country's recognition as low-cost and high-quality apparel production base resulted in apparel production boom. Both small and large-sized firms have been booking huge orders from the US and EU buyers and expanding their production capacities.

Latest export data also show that the apparel sector in Bangladesh is booming.

Bangladesh has exported a total of \$16.2 billion worth of goods and services in the first nine months till March of the current fiscal year, of which, over \$12.5 billion came from knitwear and woven exports. The growth rate is more than 40 percent over the July-March period of 2009-10.

Indian investors want special economic zone

STAR BUSINESS REPORT

India-Bangladesh Chamber of Commerce and Industry yesterday urged the government to set up a special economic zone (SEZ) in Sylhet for Indian investors.

"We want an SEZ for the Indian investors like the Korean Export Processing Zone, as Indian investors want to invest in such a zone," said Abdul Matlub Ahmad, president of the chamber, at a programme in Dhaka.

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