

Demand for jute bags may rise manifold: study

STAR BUSINESS REPORT

Demand for jute bags will shoot up if the law on the mandatory use of jute packaging is fully enforced, according to a study released yesterday.

Demand is expected to rise to 84 crore pieces from 90,000 pieces a year.

It will require 539,200 tonnes of raw jute a year, equivalent to about 77 percent of the total production of the fibre, according to the study "Jute and Bangladesh Economy" jointly carried out by the Centre for Policy Dialogue and Bangladesh University of Engineering and Technology.

The study, done in association with Katalyst, focused on jute-mill machinery upgrades for higher productivity. The study findings were revealed at a workshop at the BRAC Centre Inn in Dhaka.

The additional bags will be needed to package agricultural commodities.

The study was based on data collected from 10 selected jute mills of both spinning and composite categories under the authorities and members of Bangladesh Jute Mills Corporation, Bangladesh Jute Mills Association, and Bangladesh Jute Spinners Association.

Dr Khondaker Golam



Textiles and Jute Minister Abdul Latif Siddiqui speaks at a workshop on Jute and Bangladesh Economy at the BRAC Centre Inn in Dhaka yesterday. Finance Minister AMA Muhith was also present at the event.

Moazzem, CPD senior research fellow, presented the economic part of the study. Dr Nur Al Quddus, a teacher of BUET, shared the technical part of the findings.

"We currently use 90,000 jute bags a year for packaging of agricultural and non-agriculture commodities. If we enforce the mandatory jute packaging law, it will

increase consumption of raw jute by 500 percent," Moazzem said.

The study showed there is ample scope to raise productivity in jute mills.

A proper balance of machines and workers will cut costs by Tk 537,000 in nominal terms for a mill a year, according to the study.

Jute procurement during the

harvest season could save up to 28 percent of production costs (in nominal terms), compared to the post-harvest season.

Productivity of the mills could be increased by about 10 percent with proper production balancing, proper maintenance practice and scheduled overhauling of the old machinery, the researcher said.

The government should provide timely financing for jute mills and training and educational programmes for employees, he said.

The survey also made a set of recommendations, including an action plan for jute, research and development and investment for technology upgrade.

"It will not be possible to expand the jute sector with the present level of production," said Finance Minister AMA Muhith.

"There should rapid changes in the production system," Muhith said.

There has been no product diversification of jute in line with the changing world, and the technology is yet to be developed, he said.

The minister stressed diversification of jute products along with technological development.

Speaking as special guest at the event, Textiles and Jute Minister Abdul Latif Siddiqui said: "We have to stop the traditional use of jute to get the full potential of the sector."

The government is working on the diversification of jute products. "We are now working on making jute pulp under a pilot programme. We plan to produce around 25,000 tonnes of jute pulp a year," Siddiqui added.

STAR

US removes sleeping bags from GSP

FROM PAGE B1

The issue of lifting the GSP facility from the Bangladeshi sleeping bags at first came to focus when Senator Jeff Sessions of Alabama lodged an objection in December 2010 demanding a ban on the duty-free import of sleeping bags.

Sessions argued that sleeping bags should be subject to tariff, like other textiles, because the item competes with American manufacturers.

But the Obama administration allowed the duty-free facility for sleeping bags from Bangladesh in the renewed GSP scheme on September 22. The trade programme allows about 4,800 products from 131 countries to be imported duty-free.

The local manufacturers and government officials think Bangladesh will lose a good chunk of business if the benefit does not continue.

Bangladesh will raise objection against the decision of the US government, as the country might lose its business for the cancellation of the facility, said Commerce Secretary Ghulam Hussain.

"We will assess the impact of the decision and will protest the decision through the embassy of the US in Dhaka as we have no lobbyist group," Hussain said.

Shahnewaz Karim, manager (shipping) of Chittagong-based Northpole BD Ltd, said sleeping bag is an emerging product from Bangladesh.

Over the last four years five factories have been set up in Chittagong Export Processing Zone and Karnaphuli Export Processing Zone as the demand for the item is increasing gradually among the international buyers.

Many workers will lose their jobs as the local manufacturers will have to compete with China, a strong player in the segment.

He said, over the years the manufacturers produced skilled manpower and developed technology and local fabrics for the rising sector.

"So, Bangladesh will lose a big chunk of business for the cancellation of the GSP facility on export of sleeping bags," he said, adding his company exports sleeping bags worth \$5 million a year.

Other competing countries will enter the US market, while Bangladesh will have to export the item to the US market at higher costs.

But, the hope is that Bangladesh does not export the item to the US only, it also exports to Canada and other cold countries in the western world.

Mashrul Anwar, commercial manager of Eusebio Exporting Bangladesh Ltd, said Bangladesh will be allowed the GSP facility on export of sleeping bags only if the makers can add 35 percent value during manufacturing.

But, 35 percent value addition is almost impossible in manufacturing sleeping bags as almost every raw material is imported, he said.

"We have to import the fabrics for making the item and in case of sleeping bags GSP facility will not be applicable if the bags are made of imported fabrics," he said.

The US government agreed to grant a 97 percent duty-free facility to the least developed countries like Bangladesh at the Hong Kong ministerial meeting of the World Trade Organisation in 2005.

But major export items, such as garments, leather goods and footwear, were not included on the list.

In fiscal 2010-11, Bangladesh exported knitwear items worth \$1.12 billion and woven garments worth \$3.50 billion to the US, according to data from Export Promotion Bureau.

In 2010, Bangladesh paid \$630 million in duty for exporting goods to the US, data showed. The US instituted the GSP in 1976 by the Trade Act of 1974. Congressional authorisation of the GSP programme expired in December 2010.

reefat@thedailystar.net

Hoteliers, florists eye brisk New Year sales

FROM PAGE B1

Sonargaon Hotel expected to earn Tk 50 lakh last night alone, up from Tk 40 lakh last year, he said. Awal also said other posh hotels in the same category are more or less expecting the same business.

Away from Dhaka, hotels in popular tourist attractions such Cox's Bazar and Sylhet were also busy.

Ocean Paradise Hotel in Cox's Bazar were preparing for cultural shows on its rooftop with local artists and a dance troupe, according to Rajibur Rahman Sarker, assistant general manager of the hotel.

On the New Year's Eve, Mermaid hosted a beach party in Pechar Island, displayed fireworks and had a 'meditation session', according to Rajeev Ahmed, head of marketing of the hotel.

Rose View Hotel in Sylhet arranged a music show for the guests. There was also special dinner as well as gazals for them. Today the hotel will offer special buffet with international dishes, said its General Manager Nasimul Ghani.

He said their earning could reach Tk 12 lakh, which was Tk 9 lakh last year. Florists in the capital and other parts of the country also expect good sales on the eve of the New Year and on the first day of 2012.

Naser Gani Chowdhuri, who owns a flower shop named Rajanigandha in Jamalkhan in Chittagong, said although they have no clear picture of the sales, flowers worth Tk 1.5 crore could be sold across the country on this occasion.

"Alone in Chittagong, florists have bought flowers worth Tk 50 lakh to Tk 60 lakh. Flowers worth Tk 25 lakh have also been imported. But this is not the whole picture as we do not have aggregated data," he said.

Bellal Hossain, a wholesaler of roses at Shahbagh flower market in the capital, said their sales are good. Street vendors at Shahbagh and other parts of the city say they have already received a good response from the customers.

Bachchu Khan, an importer, said they have imported roses, lilies and gerbera from China, orchids from Thailand and marigolds from India. His shop sold out most of the imported flowers yesterday.



Ilya R Hossain, chairperson of Energyprima Ltd, presides over the company's fourth annual general meeting at Ruposhi Bangla Hotel in Dhaka on Thursday. Moazzam Hossain, managing director; and Mehtaj Hossain and Shahadat Hossain, directors, were also present. The company declared 20 percent cash dividends for 2011.



Commerce Minister GM Quader briefs reporters yesterday on the Dhaka International Trade Fair at the temporary office of the Export Promotion Bureau at the fair site in Sher-e-Bangla Nagar, Dhaka. The month-long fair starts today. Story on page 20

Singapore's 2011 growth lower than forecast: PM

AFP, Singapore

Singapore's full-year growth for 2011 fell short of previous estimates amid persistent European debt worries and an "uncertain" economic climate, prime minister Lee Hsien Loong said Saturday.

The city-state recorded 4.8 percent growth in 2011 -- slightly off previous forecasts of five percent -- Lee said in his New Year's message emailed to the media Saturday.

"The external environment is uncertain. Debt problems in Europe are far from solved. Next year looks like being difficult for the global economy. As a small, open country, Singapore will inevitably be affected," he added.

The 4.8 percent growth is a huge slowdown from the all-time high of 14.5 percent seen in 2010 when the economy was coming off a 0.8

Citi upbeat on govt's growth target

STAR BUSINESS DESK

Bangladesh has done reasonably well in maintaining its growth momentum and achieving the target growth of 6.7 percent in real GDP in fiscal 2011, banking giant Citi said in its annual market update. Following is the first report in a series.

The growth rate, which declined below 6 percent in three consecutive years since FY 2006, was reversed in the past couple of years with good performance in manufacturing and construction sectors, two successive years of bumper harvests in the crop sector as well as a sustained higher level of contribution from the service sector. This strong performance is expected to be repeated and 7 percent real GDP growth target can be achieved in FY 2012 if the continued healthy growth in exports sustains, the power supply situation improves, domestic demand and remittance inflow pick up.

Inflation persistently higher

The year-on-year inflation rate has remained in double digits since March 2011 while the annual average rate of inflation rose above 10.50 percent in November 2011. The point-to-point inflation rate reached

almost 12 percent in September which was the highest rate in last 12 years. The food price component of both the point-to-point and average inflation rates are in double digits since December 2010. Although the increase in overall CPI (consumer price index) was driven by food prices, non-food prices also continued to rise since May 2011. Increase in food prices (y-o-y) peaked at 14.36 percent in April before declining to 12.47 percent in November. This rise in inflation rates can be attributed to the increase in global food and commodity prices and demand from expansion in private sector credit. The rise in agricultural wages has contributed to higher production costs, the upward adjustment in fuel prices and the depreciation of the taka also led to the inflationary pressure.

Current account balance under pressure

Exports recorded a growth of 41.7 percent in FY 2011, significantly up from only 4.1 percent in the previous year. Export earnings in FY2011 significantly exceeded (23.9 percent higher) the annual export target (\$18.5 billion) set by the government. Recovery in demand for low-end garment products, exploration of new markets and a sharp rise in exports of

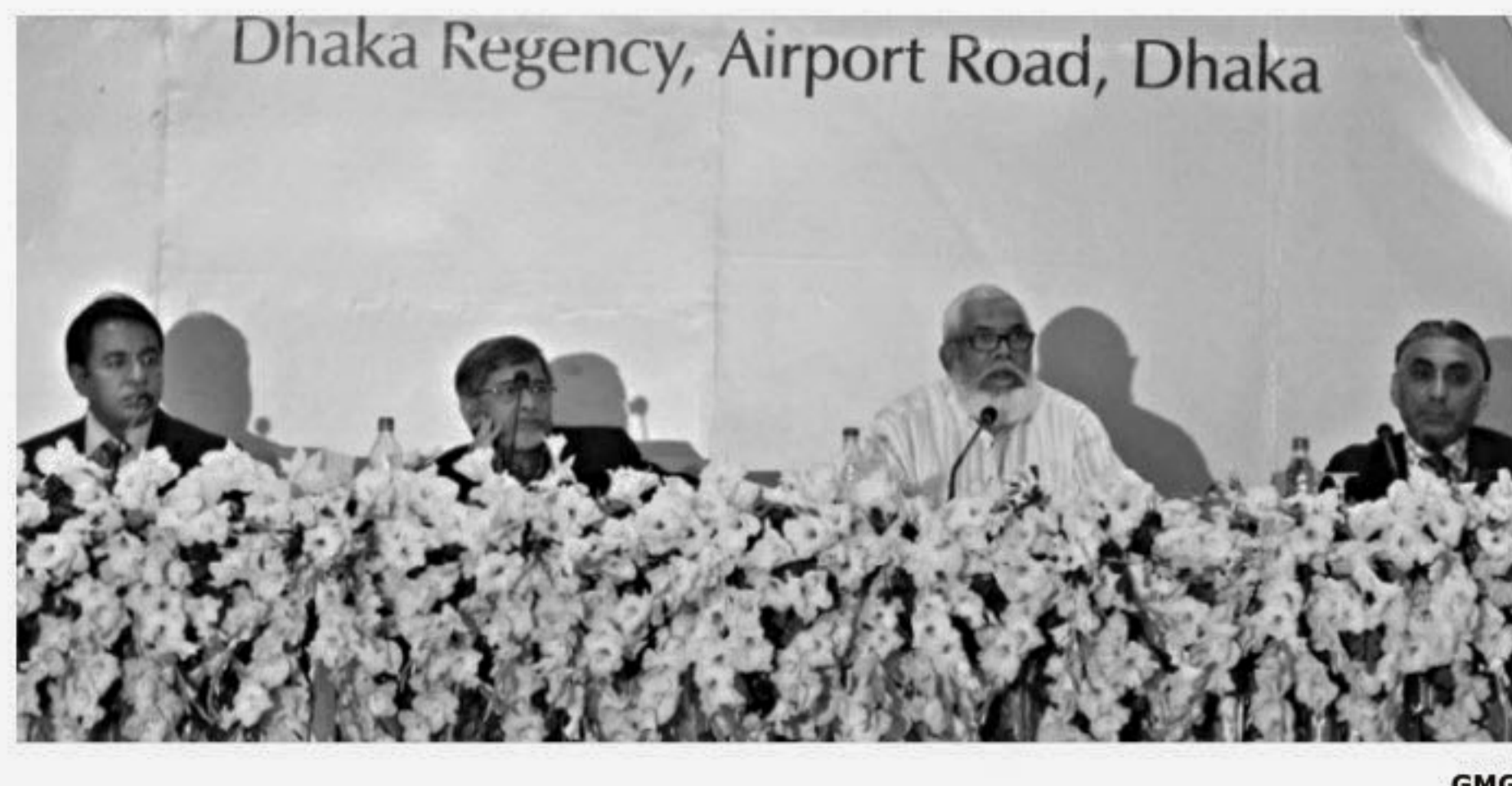
frozen food and jute products contributed to the higher growth of exports. Export earnings stood at \$22.37 billion till November 2011, marking a rise of 30.1 percent over the same period a year back. The government has set a \$26.5 billion target for FY 2012 export, 15.6 percent higher than the export earnings in FY 2011. Shifting of orders from other garment exporting countries following rise in wages, and EU's relaxed rules of origin are expected to help attain the target.

In FY 2011, import payments grew rapidly by 41.8 percent due to higher prices of food grains, fertiliser, fuel, raw cotton and yarn in the international market. In addition, the volume of oil import rose rapidly because of higher demand from the newly set up oil-based power projects. Import payments stood at \$30.16 billion till October 2011, marking a rise of 36.28 percent over the same period a year back. The country's current account balance swung to a deficit of \$372 million in the July-October period for the first time since April, retreating from a surplus of \$1.1 billion a year earlier due to soaring import costs.

TO BE CONTINUED



M Omar Faruque, administrator for Comilla Zila Parishad; Ruhul Amin, director of ICB; and Yussuf Abdullah Harun, former chairman of Southeast Bank, inaugurate the bank's 84th branch at Companiganj in Comilla on Saturday.



Salman F Rahman, chairman of GMG Airlines, presided over the company's 14th annual general meeting at Dhaka Regency Hotel yesterday. Shahab Sattar, managing director, OK Chowdhury, director, and Asad Ullah, executive director, were also present. The company declared 10 percent stock dividends for 2010.