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star BUSINESS

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Exports break downtrend

REFAYET ULLAH MIRDHA

Bangladesh has managed to buck a downtrend in exports in July due to an increase in shipment of woven garment items to the US.

Month-wise exports from Bangladesh had been in negative territory since March because of a debt crisis in Eurozone, the country's largest export destination. But, with the rebound of the US economy, Bangladesh's overall exports are also increasing on the back of higher demand for woven garments in the world's largest economy.

In July, the first month of the current fiscal year, exports rose by 4.26 percent to \$2.43 billion compared to the same month last year, according to data released by the Export Promotion Bureau (EPB) yesterday.

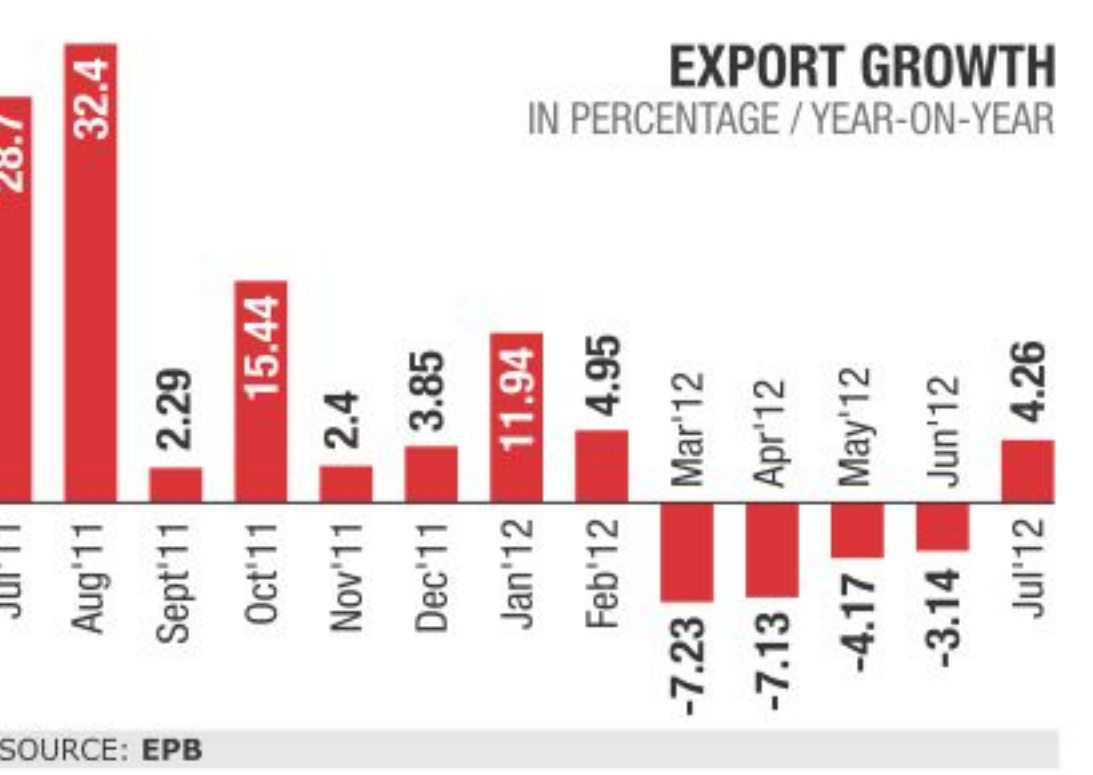
In garment exports, woven items surpassed knitwear. Bangladesh's largest woven garment market is the US.

In July, Bangladesh exported woven garments worth \$993.84 million, 11.92 percent higher than the same month last year.

Knitwear items brought in \$1 billion, a decline by 0.68 percent from July last year.

Earlier, the commerce ministry set the annual export target at \$28 billion for the current fiscal year, while the target for July was at \$2.34 billion.

The problem is not over yet as the Eurozone is still reeling under the debt crisis, said Shafiqul Islam Mohiuddin,



president of Bangladesh Garment Manufacturers and Exporters Association. "We are going through tough times. Future trends are vulnerable," he said. Exports of woven garments to the US are increasing due to the rebound of its economy, he said.

Fazlul Hoque, a former president of Bangladesh Knitwear Manufacturers and Exporters Association, said knitwear exports from Bangladesh are declining, while its competitors such as Cambodia and Vietnam are performing well.

"One of the major reasons behind the fall in knitwear exports is the prolonged debt crisis in the Eurozone," Hoque said.

The Eurozone is the largest export destination for Bangladesh's knitwear products.

Bangladeshi knitwear makers should export more to the new destinations such as India, China, South Korea, South Africa, Australia, Japan, Mexico, Russia, Brazil and Turkey, Hoque said.

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Govt selects a new site for plastic makers

SUMAN SAHA

The government has selected a new site at Sirajdikhan upazila in Munshiganj for setting up a plastic estate.

The previous site at Keraniganj was abandoned as it did not conform to the government's Detailed Area Plan (DAP), which provides 'a detailed land use plan' for each area of Dhaka city by giving specific outline of the areas in terms of usage.

The implementing agency of the plastic estate -- Bangladesh Small and Cottage Industries Corporation (BSCIC) -- has already completed a feasibility study on the new site.

The industries ministry gave up the old site in Keraniganj in 2010 as the area fell under the DAP of Rajdhani Unnayan Katripakha, the capital development authority.

"We have selected a new site for the plastic estate on the Dhaleshwari river as it will help the sector grow in an organised way," said Khadija Begum, deputy general manager of the BSCIC.

The BSCIC has a plan to make available 437 plots for the entrepreneurs on the Sirajdikhan site of around 50 acres.

But the number of plots might come down slightly due to some changes in the plan, said an official



of the planning division of the BSCIC.

The state run corporation plans to set up a solid waste management plant, a product display centre, a fire extinguisher station and a bio-gas plant on the new site, said the official, asking not to be named.

The project expenditure might also increase to around Tk 200 crore from the earlier estimates at Tk 130 crore due to land price hike.

Plastic products represent a sizeable sub-sector in the chemical industry. The market size of plastic products is around \$1 billion, with \$714 million in the domestic market and the rest globally.

The plastic sector has around 3,000 manufacturing units that offer jobs to more

than 20 lakh people directly and indirectly.

The BSCIC is now working to prepare a detail proposal for the estate to be sent to the industries ministry soon after signing a fresh memorandum of understanding with Bangladesh Plastic Goods Manufacturers and Exporters Association.

Due to changes in the plan on several occasions, the process of setting up the park got delayed, leaving the residents of Old Dhaka to live in constant fear.

The devastating Nimtali fire, which killed at least 123 people in 2010 and left more than 200 badly burnt, only reminds the residents what disasters the factories could bring in the neighbourhood.

Around 1,200 unplanned and

mostly unauthorised plastic factories are operating in Dhaka.

The Economic and Social Commission for Asia and the Pacific (ESCAP) of the United Nations in a recent report asked the government to set up a separate economic zone for the plastic industry.

Bangladesh could emerge as a global player in plastic industry by increasing its turnover to \$2 billion by 2015 and \$4 billion by 2020, according to a case study on Bangladesh's plastic sector conducted by the UN agency.

But for that, the country has to address three issues on a priority basis -- infrastructure, waste management and recycling, and skills development, according to the study.

READ MORE ON B3

Banks under cash withdrawal pressure

STAR BUSINESS REPORT

Commercial banks are witnessing a rush of customers withdrawing cash ahead of the upcoming Eid festival.

Over the last two days, the banks in Dhaka have been packed with customers, especially for withdrawals of remittance sent by Bangladeshi expatriates.

Expatriates send a large amount of money to their relatives before the Eid festival, said an official of a commercial bank in Motijheel.

Bangladeshi expatriates remitted \$314.36 million from overseas in the second week of August, up from \$87.98 million in the week earlier, according to data from Bangladesh Bank. Total inward remittances reached \$1.20 billion in July, the data shows.

Banks officials found it difficult to tackle the rush of the customers, which further intensified as the banks opened after a gap of three days. It was a public holiday for Janmashtami on Thursday, followed by the weekend.

"I have been standing in queue for half an hour. It may take a few more minutes to complete my transaction," said Muntaha, whose husband sent her money from Italy



People line up to withdraw money from a branch of Dutch-Bangla Bank in Dhaka yesterday ahead of the Eid festival. Migrant workers remitted \$314.36 million from overseas in the second week of August.

through the electronic payment system at Islami Bank. She was withdrawing money from the bank's head office in Motijheel.

"The bank branch is borrowing money from other branches as the majority of customers are withdrawing large amounts of money ahead of Eid," a bank teller said.

The same rush was seen in almost all the bank branches in the Motijheel area.

Many customers stuck in traffic jams failed to withdraw money on the day as they could not reach the

branches within Ramadan banking hours until 3pm.

Many customers were turned away as they arrived even a bit late.

The inter bank call money rate reached 14-16 percent yesterday from 13-15 percent on Sunday.

"There are cash withdrawal pressures, but we are prepared to handle it," said Helal Ahmed Chowdhury, managing director of Pubali Bank.

"Unlike Eid last year, the call money rates are still at tolerable levels this year," Chowdhury said.

Software export growth up 54pc

ABDULLAH MAMUN

Bangladesh's software exports in the first 10 months of fiscal 2011-12 stood at \$56.7 million, a 54 percent rise from the same period of the previous fiscal year.

Going by the trend, Bangladesh Association of Software and Information Services (BASIS), the country's IT trade body, expects the exports of IT and IT-enabled services (ITES) to hit the \$70 million-mark for fiscal 2011-12, said AKM Fahim Mashroor, president of BASIS.

But the actual amount could be upwards of \$100 million, he said, if all the ITES exports and exports by the 15,000-odd freelancers are taken into account.

At present a number of ITES exports remain unrecorded, due to problems with the coding system of the Bangladesh Bank, along with the exports of freelancers who earn around \$25 million.

"Freelancers' earnings are recorded as remittance, not software export," said Mashroor, adding that it is possible to hit the \$1 billion mark by 2015 and create employment for 100,000-odd graduates if proper support is given to the sector.

Bangladesh essentially gets small- or mid-level commissions which are not of much interest to the neighbouring countries, said Russell T Ahmed, BASIS's secretary general.

"But we are doing excellently, delivering the best-quality work and on time. Progressively people are relying on us."

"We are following the 'search engine optimisation' model so that big companies in the west can find our work through web surfing. It is helping us getting more work," said Tamzid Siddiq Spondon, managing director at Zanala Bangladesh.

But the industry is facing a number of challenges, dearth of skilled human resources and project management skill being just two of them, according to Ahmed.

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FISCAL YEAR	MILLION/DOLLAR	GROWTH %
2011-2012 (July-April)	56.57	54
2010-2011	45.31	27.25
2009-2010	35.36	7.44
2008-2009	32.91	32.59
2007-2008	24.82	-4.83
2006-2007	26.08	-3.44
2005-2006	27.01	136.10
2004-2005	11.44	-

SOURCE: BASIS

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Fresh date for FBCCI polls after Eid

STAR BUSINESS REPORT

A fresh date for holding the biennial election to the Federation of Bangladesh Chambers of Commerce and Industry will be announced after the Eid-ul-Fitr, the apex trade body said in a statement yesterday.

According to the earlier decision, the FBCCI election had been set for October 21.

But later the commerce ministry gave a directive that the polls should be held within 30 days after November 1.

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