

Cattle markets get ready, target early sales



STAR BUSINESS REPORT

BANGLADESH may not achieve the targeted GDP growth given the global context and the country's basic deficiency in infrastructures and utilities such as gas and power, a leading chamber has said.

The ICCB referred to the International Monetary Fund, which forecast that Bangladesh's growth may slow down to 5.8 percent in fiscal 2012-13 due to sluggish exports and investment.

The government set its GDP (gross domestic product) growth target at 7.2 percent in the current fiscal year.

The chamber said Bangladesh may maintain its 6 percent plus growth by accelerating exports of apparels and leather products and increasing remittance, which is expected to be around \$14 billion in the current year.

The International Chamber of Commerce-Bangladesh (ICCB) in its latest news bulletin also said the global economy has reached a critical juncture, and is facing the arduous task of overcoming major difficulties standing in the way of recovering and ensuring steady growth.

"Europe's debt crisis has festered for more than three years now. Analysts said Europe's sovereign debt crisis, high commodity prices, the legacy of the financial collapse and tension between the world's three biggest economies had soured the economic environment since the start of 2012," it said.

The chamber said, in the past three months, the global recovery, which was not strong to start with, has shown signs of further weakness.

"The scenario of a synchronised recession across the world loomed larger since the breaking news of

shrinking in China's factory output as well as intensified recession in Europe and the weakest quarter performance of the US manufacturing sector."

Also, lower GDP growth in a number of major emerging economies has further aggravated the situation, the chamber added.

It also cited the IMF's latest World Economic Outlook projections -- global growth will be 3.5 percent in 2012 and 3.9 percent in 2013, marginally lower than its April forecast.

Similarly, the Organisation for Economic Cooperation and Development predicted shrinking of the UK economy by 0.7 percent, compared with its previous forecasts of 0.5 percent.

On the other hand, it said, Asia remained the brightest spot in the global economy but the global slowdown has been reflected in Asian exports, which JP Morgan calculates have fallen at a 15.7 percent annualised rate in the June-August period.

Referring to a survey, the ICCB said Chinese growth slowed to a three-year low of 7.6 percent in the second quarter. A slowdown in China's economy is perceived as being the biggest risk to Asia's economic growth.

Further, it said, the involvement of Japan in a territorial row with China over disputed islands will also affect the Asian economy.

The ICCB, however, said Asia has shown rapid economic and social development over the past decades and has significantly boosted its share of global output and forged strong links with the global economy.

Currently, it said, Asia accounts for one third of the world's exports and imports. Since the onset of the 2008 global financial crisis, developing Asia has proven its resilience.

Traders have started bringing camels, along with cows and goats, to Gabtali cattle market in the city for the upcoming Eid-ul-Azha.

STAR

HELEMUL ALAM

CITY dwellers' search for sacrificial animals for Eid-ul-Azha has already started, nine days prior to the festival, to avoid a last-minute shortage experienced last year.

In 2011, thousands failed to buy any animal before Eid as most of the cattle markets became empty in the last evening before the festival due to a poor supply.

Due to the unexpected crisis never seen before, many failed to sacrifice any animal last year. Many purchase and slaughter animals on the second and the third day of Eid.

"This time I came with my brother to buy a cow in advance to

avoid the bitter experience we had last year when we had to wait till the third day of Eid to purchase a cow," said Mahmudullah Ridoy, a resident of Lalbagh.

He said several hundred people like them had purchased their sacrificial animals on the third day of Eid last year.

Monir Hossain, a resident of Hemayetpur in Savar who also had the similar experience last year, was seen walking away happily yesterday. He bought a cow at Tk 23,000, which according to him, was a good buy compared with his last year's experience.

Sheikh Azad Hossain, a resident of Mirpur-12, said he purchased a cow yesterday just to fulfil the demand of her nine-year-old

daughter.

"My daughter has been pressing me for the last few days to buy her a cow early so that she could take care of it properly before sacrificing it on the Eid day," he said.

Around 100 customers from different corners of the country along with local buyers gathered at Gabtali cattle market, while many others were there just to observe the market situation.

According to traders, Indian cows have started arriving from various border areas this year which may create a positive impact on cattle prices in the city this year.

Others, on the other hand, were waiting for a shortage of animals like last year to reap more profits.

Like the past years, five camels were seen waiting to be sold at Gabtali market. The asking price of the two of the camels was Tk 17 lakh each.

"I have brought the camels from Rajasthan of India and already got an offer of Tk 20 lakh for the two," said Md Mazlu, owner of the camels.

Apart from cows and camels, buffaloes, goats and sheep were also found selling in the market. A trader was found asking Tk 42,000 for his goat.

Dhaka South City Corporation is going to set up 10 makeshift cattle markets, while nine will be set up by Dhaka North City Corporation. The markets are scheduled to begin from October 24.

Nestlé wants to grow faster than Bangladesh's GDP

The company's outgoing CEO shares his experiences in the country

MD FAZLUR RAHMAN

NESTLÉ, the world's leading nutrition, health and wellness company, aims to grow at the double of Bangladesh's economy to cater to the growing number of consumers conscious of healthy food, a top official said.

The maker of Nido, Cerelac, Nescafe coffee, KitKat and Maggie noodles has more than 8,000 different types of products available in the global market, but only 60 are sold in Bangladesh.

"This is a very small portfolio given our vast product lines, and we believe that there is potential for growth in other areas in Bangladesh," Laurent Therond, managing director of Nestlé Bangladesh Ltd, told The Daily Star in an interview in Dhaka on Monday.

Headquartered in Switzerland, Nestlé derives about 30 percent of its revenues from the USA and Asia and is turning to fast-growing markets in Southeast and South Asia to offset stagnant sales in the developed world.

"This part of the world is growing very fast," he said, referring to Asia, Oceania and Africa.

The world's biggest food maker is estimated to derive roughly 40 percent of revenues from emerging markets from the existing 28 percent.

Set up in 1866, Nestlé is the world's biggest food company by sales, selling 1 billion products globally every day. It has 461 factories in 83 countries, employing 328,000 people.

In 2011, its sales stood at \$90.45 billion.

Nestlé is, however, fairly young in Bangladesh as it began commercial operation in the country only in 1992. Its first production came two years later.

It has one factory in Gazipur. Of the items available in Bangladesh, many including noodles are manufactured locally.

Currently, the company employs about 700 people in Bangladesh and provides indirect jobs to another 2,500.

Therond said the company has a lot of potential to reach the mostly untapped rural areas. "We are working on it."

Last month, the company launched boats full of Nestlé products to reach consumers in some parts of the country where there is no road network.

"Our journey is to go to the bottom of the pyramid. We have to ensure that we have programmes to reach them, which also makes business sense."

He said the company would have to find ways to



Laurent Therond

produce more affordable products in future without neglecting quality.

"Food safety is not negotiable. We do not want any breach of food safety for consumers."

"This has been and will always be our first priority to ensure whatever written on the pack the consumers get them in terms of ways, quality and nutrients."

Therond said the business of his company in Bangladesh is growing at double digit.

"Bangladesh is growing by an average of 6 percent in GDP a year. Our target is to grow faster than the GDP growth."

About investment plan, he said if a company grows at double digit it has to have production facilities in place which deliver the required volumes.

"We are making regular investments, expanding the capacity of the factory. We are also looking into new product lines."

The country's astonishing penetration of telecom-

munication also gives an encouraging picture for his company.

There are about 90 million mobile phone users in Bangladesh.

He said the people with mobile phones are also those who are increasingly becoming interested about packaged food and have big aspiration for their children.

"We want to be there where people will be shifting from non-branded foods to branded or packaged foods."

Therond said Nestlé is really advocating for the establishment of the food safety standards in the country so that the multinational companies abide by 100 percent standards.

He said the evolution in taste is not that strong in the country despite newly found affluence. "What is more striking for me is that because of the pressure of life, people are getting into bad food habit, which may lead them to bad health. There should be some alarms."

He said the Bangladeshis are increasingly becoming

westernised in case of food habits. People have to make sure that they do not lose the basics and keep the balance for their children."

Nestlé Bangladesh has launched a nutrition awareness programme. "We tell students that rice is good and it is a staple in your diet but the issue is only rice without vegetable and fruit you will have deficiency. It is a question of balancing things."

"Apart from urban areas, we have also launched awareness raising programmes in the rural areas. We have covered 6,000 kids in rural schools in the last three years."

The prices of Nestlé Bangladesh products have gone up a couple of times recently due to depreciation of the taka against the dollar and rising costs of raw materials mostly imported.

Therond said even if Nestlé Bangladesh produces some of its products locally the raw materials are mostly imported. The rise in prices is not only because of currency devaluation, but also for the condition of the world market.

He said they are still pessimistic for next year about global wheat production, which is forcing the company to increase the prices of its products.

The Swiss, however, said his company does not always pass on the increase in prices onto the consumers. But there are times when there is no alternative.

He said weak infrastructure is making it difficult to market out products outside the city.

However, he said, "More businesses are opening. More people are coming and investing in the country. Foreign direct investment could however be much bigger."

He said the company is running corporate social responsibilities activities on water and education, which aim to build healthy population.

"This kind of programme will keep going," said Therond, who has already worked for Nestlé in Ivory Coast, Egypt, Dubai and Kuwait.

He will leave Bangladesh next week to take a position in the factory in his home country.

The 47-year-old was born and brought up in Switzerland and graduated in business studies from Lausanne University but he was never employed in any formal job in his home country, as he left the country soon after he completed the studies to work for the International Committee of the Red Cross in Africa.

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