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BUSINESS

DHAKA THURSDAY NOVEMBER 1, 2012, e-mail:business@thedailystar.net

Govt to green-light rawhide exports

Decision may come in a week

STAR BUSINESS REPORT

The government plans to allow rawhide exports to prevent the smuggling of the item, Commerce Minister GM Quader said yesterday.

“Rawhide business is in trouble. We are worried about low prices in the local market,” he said.

The final decision will be taken in a week’s time, after talks with businessmen and other stakeholders, according to Quader.

The green light for exports, however, will come with conditions, such as export duty and minimum export price for per square feet of leather.

“Some other conditions might be applied after consultation with the businessmen of the sector,” he said.

The price of rawhide was 20 percent lower this Eid-ul-Azha due to tanners sitting on unsold hide from last year, with their processing capacity already stretched out, sector leaders said.

Low price: a boon for leather exporters

SUMAN SAHA

The low price of rawhide can be a boon for the leather sector as it will give exporters a competitive edge in the international market.

Rawhide prices dropped 20 percent this Eid following a slump in demand from the international markets, thanks to the protracted financial crisis in Europe and USA.

Leather goods and footwear exporters termed the fall in price of rawhide a good sign, saying it would give the sector a better shot at achieving its export target for the year.

Leather exports rose 17 percent in fiscal 2011-12, down from the previous year’s 41 percent, according to data from the Export Promotion Bureau.

Exporters, however, bagged \$765 million in fiscal 2011-2012, up from fiscal 2010-11’s \$651 million.

“If the prices of raw materials remain competitive, Bangladesh’s exports from the sector can grow by 30 percent this fiscal year,” said Tipu Sultan, managing director of Bengal Leather Complex.

Sultan, whose company has been exporting shoes and bags for

the last 10 months, said the sector can grab more orders if the current prices of leather goods remain stable in the international market.

Cowhide, which last year sold at Tk 60 per square feet in Dhaka and at Tk 40 elsewhere, was available for Tk 50 and at Tk 45 respectively this year.

Outside Dhaka, a medium-size cowhide was sold between Tk 800 and Tk 1,200, when last year it was Tk 1,200-Tk 1,500, tanners said.

The leather industry, which is reliant on local hides and skins, has now emerged as the third largest sector to contribute to

exports, after garments and jute and jute goods.

“Price is a key factor to beat competitors in the international market,” said AKM Afzalur Rahman, managing director of Landmark Footwear Ltd, while adding that the Bangladesh now competes with China and India in the world leather market.

“If we can offer a better price the sector will certainly get more export orders,” said Rahman, also the vice-president of Leather goods and Footwear Manufacturers and Exporters Association of Bangladesh.

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Remittance offsets trade deficit worries

REJAUL KARIM BYRON

Trade deficit more than doubled year-on-year in July, but the central bank was not worried due to an improvement in remittance inflow, foreign direct investment and foreign currency reserve.

Due to a wide mismatch between exports and imports, trade deficit registered for the first month of the current fiscal year was \$615 million, a 127 percent rise from \$271 million a year ago, Bangladesh Bank data shows.

Exports grew by only 4.77 percent in July, whereas imports shot up by 17.60 percent, according to the data.

The sluggish economies in Europe and the USA indicate the export growth this year is unlikely to be of much significance, a senior BB official said.

Naoyuki Shinohara, the International Monetary Fund’s deputy managing director, told The Daily Star that if the Eurozone crisis were to escalate, seeing that nearly half of all export receipts come from that region, Bangladesh’s export growth would be deeply hampered.

Although the weak export growth is worrisome for the economy, the central bank is encouraged by the healthy growth in remittance and foreign currency reserve.

Foreign direct investment recorded in July was \$174 million, 49 percent higher than \$117 million in the same month a year ago.

Remittance in July was 18 percent higher at \$1.18 billion from \$1 billion a year ago.

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Stocks stay low on dismal data

STAR BUSINESS REPORT

Stocks fell for the second day as investors sold shares due to the weaker third quarterly earnings declaration by banks and non-bank financial institutions.

DGEN, the benchmark General Index of Dhaka Stock Exchange, finished the day at 4,493.92 points, after falling 58.52 points or 1.28 percent.

“Dismal earnings performance registered by most of the banks, non-bank financial institutions and manufacturing companies caused the investors to take cautious position,” LankaBangla Securities said in its regular market analysis.

Overall turnover and volume were higher, compared to the previous day, indicating sellers were actively seeking liquidity, it said.

Turnover stood at Tk 413 crore, almost double from the previous day.

“Poor business performance of the bank sector for the September quarter-end pulled investors’ sentiment down,” IDLC Investments said in its daily market analysis.

A total of 27 out of 30 issues of the bank sector declined, while the sector slipped 2.96 percent.

Non-bank financial institutions went downhill.

“Cumulatively, the poor earnings of financial sector created a gloomy session over the bourse,” the merchant bank said.

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