

# BUSINESS

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## Wal-Mart refuses to pay firm with Tazreen links

Simco Group's \$1.2m stuck in uncertainty

REFAYET ULLAH MIRDHA

US retail giant Wal-Mart is refusing to pay a Bangladeshi garment firm for its shipment -- after learning of its connections with Tazreen Fashions.

The case also turns the spotlight on a complex supply chain of garment merchandise that travels from one manufacturer to another via middlemen.

Simco Group, based in Dhaka, sent 130,000 pieces of women's shorts,



worth \$390,000, to Wal-Mart via its New York-based sourcing company, Success.

Simco received the Wal-Mart order through Success in a sub-contract on August 14 last year.

Following the order, Simco started importing fabrics and other accessories from China in October.

Faced with a shortage of workers during the Eid-ul-Azha festival, Simco signed a separate subcontract on November 4 with Tuba Group, owner of Tazreen Fashions. Under the agreement, Tuba Group was supposed to make 25,000 pieces at its plant, known as Tuba Fashion.

But, without informing Simco, Tuba Group made the clothes at Tazreen Fashions, the company that hit the global spotlight after a fire at its factory in Ashulia killed 112 workers on November 24.

Upon learning of Tazreen Fashions' involvement in the order, Wal-Mart refused to receive the shipment at the Port of Los Angeles. The first consignment, worth \$390,000, was supposed to be unloaded at the port in the first week of December.

This shipment was part of Simco's \$1.2 million deal with Success to make a total of 336,000 pieces of shorts for Wal-Mart.

"But following the Tazreen fire, Wal-Mart suspended all business ties with Success and refused to receive the shipment," Muzaffar U Siddique, a director of Simco, told The Daily Star.

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## Wal-Mart tightens supplier policy after Bangladesh fire

Wal-Mart Stores Inc plans to cut ties immediately with suppliers who subcontract work to factories without the retailer's knowledge, changing its policy after a fire killed more than 100 garment workers in Bangladesh, the Wall Street Journal reported.

Wal-Mart is warning suppliers that it is adopting a "zero tolerance policy" for violations of its global sourcing standards and the company's new plan would begin taking effect from March 1, the Journal said.

The tougher code replaces Wal-Mart's prior "three strikes" approach to policing suppliers, which gave the suppliers three chances to address problems before being terminated.

"Obviously our three-strike policy wasn't working as well as it could have," Rajan Kamalanathan, Wal-Mart's vice president of ethical sourcing, told the Journal in an interview. "Our message of zero tolerance is meant to get people's attention." Wal-Mart could not be reached for comment by Reuters outside of regular US business hours.

More than 100 workers were killed in a Nov. 24 fire at the Tazreen garment factory in Bangladesh. Wal-Mart has said repeatedly that its Faded Glory clothing should not have been in production at the factory, a facility Bangladeshi authorities said was not safe for use.

REUTERS

percent from the previous year's 9.7 lakh tonnes, according to data from Bangladesh Bureau of Statistics.

Moreover, this is the first time in five years that the wheat acreage stood at 4 lakh hectares.

Agriculture officials linked the rising wheat area to farmers' shift from rice production due to low prices.

"Price of wheat flour was higher than rice in the past one year. Besides, the production cost of wheat is less than rice because of low need for irrigation," said the agriculture extension official.

Flour prices in the Dhaka markets rose to Tk 35-40 from Tk 28-33 a kg recorded by the Trading Corporation of Bangladesh a year ago.

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Nobel laureate Muhammad Yunus, right; and General Manager of Tirana Business Park Carsten Conrad, left, sign a deal to launch social business in Tirana, Albania, on Monday. Albanian Prime Minister Sali Berisha, centre, is also seen. Story on B3

## Higher acreage brightens wheat prospects

SOHEL PARVEZ

Wheat production is likely to rise this cultivation season, thanks to increased acreage and favourable weather.

Wheat area rose by 23 percent year-on-year to 4.42 lakh hectares in the current growing season, according to Department of Agricultural Extension (DAE).

The acreage is higher than the target set by DAE earlier.

"We expect production will rise because of higher acreage. And if the weather conditions remain favourable, yield may also increase," said a DAE official preferring to remain unnamed as he is not authorised to speak to the media.

A cooler weather last year was conducive to a yield of 9.95 lakh tonnes, up 2.57

percent from the previous year's 9.7 lakh tonnes, according to data from Bangladesh Bureau of Statistics.

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## Lafarge unveils new logo, vision

STAR BUSINESS DESK

Lafarge Surma Cement Ltd yesterday launched its new logo and the 'grow and beyond' vision for 2013.

Tarek Elba, chief executive of Lafarge Surma, said the company experienced a wonderful year of achievements in 2012.

"With a substantial growth rate and fiscal year market share, Lafarge Surma Cement is surely on the right path to emulating Lafarge as the number one cement company in the world," Elba said at a customer conference at Ruposhi Bangla Hotel in Dhaka.

Lafarge Surma Cement is a venture of Lafarge and Cementos Molins. Lafarge is the world leader in building materials and had 176 years of experience. It operates in 64 countries and has 68,000 employees.



Tarek Elba, chief executive of Lafarge Surma Cement, attends the launch of the company's new logo and its 'grow and beyond' vision for 2013 at a ceremony held in Dhaka yesterday.

## Japan's Ajinomoto launches food company in Bangladesh

STAR BUSINESS REPORT

A Japanese food giant on Monday launched a new company, Ajinomoto Bangladesh Ltd, to sell seasonings and processed foods to Bangladeshi consumers and set up a factory at Tongi in Gazipur.

Ajinomoto Co Inc and its affiliated company Ajinomoto Thailand invested Tk 41 crore to establish the new venture.

The new company will further promote market development in South Asia, said Masatoshi Ito, president and chief executive officer of Ajinomoto Co.

Ajinomoto plans to sell products worth Tk 268.72 crore in Bangladesh by 2016, as it plans to expand into new regions and business areas to strengthen its existing businesses, the company said.

"In Bangladesh, bean soup and vegetable curry are popular with rice as the staple food. The seasoning Aji-No-Moto

goes well with these foods," Ito said.

Aji-No-Moto is an umami seasoning that is also known as monosodium glutamate, the company said in a statement.

"We will help Ajinomoto to expand its business in Bangladesh," said Shiro Sadoshima, Japanese ambassador to Bangladesh.

The nation has good food culture which will help Ajinomoto's business in the country, Sadoshima said.

Starting with Aji-No-Moto, the company plans to extend its product line-up with flavoured seasonings and processed foods such as instant noodles, according to the statement.

Ajinomoto is a global manufacturer of seasonings, processed foods, beverages, amino acids, pharmaceuticals and specialty chemicals, according to its website.

Founded in 1909 and now operating in 26 countries, Ajinomoto Co had net sales of \$15.1 billion in 2011.

## Plastic goods makers look to bright future

SUMAN SAHA

The plastic industry has registered robust growth over the last several years, thanks to the manufacturers diversifying their product portfolio.

Local plastic goods makers are no longer concentrating on household items only; rather, they have brought innovations to almost every area where plastic can be used.

They are now producing PVC products such as pipes, fittings and foundry items, along with pure plastic products -- kitchen utilities, furniture, food containers and storage items -- to cater to the local and international markets.

Bangladeshi plastic exports rake in around Tk 2,700 crore -- Tk 700 crore in direct form and Tk 2,000 crore via indirect exports -- according to Bangladesh Plastic Goods Manufacturers and Exporters Association.

On the domestic front, the annual sales of plastic products are estimated at about Tk 15,000 crore in a sector that grew 20 percent a year over the last several years.

The plastic industry has grown enough to be able to handle the growing demands of both local and foreign markets," said Md Jashim Uddin, the president of the association.

Though the sector started small in the 1960s, it has now reached a self-sufficient stage, he said.

For instance, local industry giants -- Bengal Group, RFL, Partex, Talukder Group, Luna, Saj, Sunflower and Hamko Group -- have significantly enhanced their production capacities.

"We are bringing innovations and adding newer products to the basket regularly," said Jashim Uddin, also the vice-chairman of Bengal Group of Industries.

The sector has witnessed huge

product diversification over the last several years due to people's changing lifestyles.

*Around 12 lakh workforces are now directly and indirectly employed in around 5,000 small, medium and large plastic goods manufacturing units*

product diversification has increased to cater to the changing

consumer tastes," said Kamruzzaman Kamal, marketing director of Pran-RFL Group.

"People want innovative and durable products -- but at a competitive price. And plastic goods have these attributes," Kamal said.

RFL, which has a product portfolio of around 1,500 items, makes both pure plastic and semi-plastic products at its six factories, which have a monthly production capacity of 4,500 tonnes.

"We are now making all types of plastic products. It includes kitchen items, furniture, medical equipments and PVC products," said the RFL high official.

Plastic goods are a necessity and provide more value for money to the customers, further said Kamal.

"We have also brought lots of innovation to the sector," said Rubel Aziz, managing director of Partex Plastics

Ltd, which produces over 300 plastic products.

"We are the first company to introduce plastic flower vases and airtight containers to the local market," said Aziz.

Around 12 lakh workforces are now directly and indirectly employed in around 5,000 small, medium and large plastic goods manufacturing units.

The value addition of the plastic products is hovering around 51 to 70 percent, according to data from the industry lobbying group.

Bangladesh has the opportunity to become a global player in plastic market, said a UN report last year, by raising its turnover to \$2 billion by 2015 and \$4 billion by 2020.

Earnings from plastic exports stood at \$88.69 million in fiscal 2011-2012, up 29 percent from the previous fiscal year, according to Export Promotion Bureau data.

## Regulator okays garment maker's IPO

STAR BUSINESS REPORT

The Bangladesh Securities and Exchange Commission yesterday approved the IPO proposal of Familytexbd and the rights offer of Purabi General Insurance.

Familytexbd, a garment maker and exporter, will offload 34 million ordinary shares at an offer price of Tk 10 in a bid to raise Tk 340 million.

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