

# Coats celebrates 25 years in Bangladesh

STAR BUSINESS DESK

Coats plc, a globally renowned industrial thread and zip maker, celebrated 25 years of its operations in Bangladesh, at a programme at Radisson Hotel in Dhaka on Sunday.

The British company marked the occasion with the announcement of opening up a new zip factory in Chittagong, at the gala event.

Over 400 customers and suppliers of Coats attended the event, where the company also recognised its joint venture with AK Khan Group in Bangladesh, the company said in a statement yesterday. The joint venture between the two started in October 1989, it said.

Coats has world-class manufacturing sites in Chittagong and Gazipur, which operate 24 hours a day, seven days a week, according to the statement.

"The new zip factory will be opened in the early part of 2015 and is being established in response to the growing demand from global brands manufacturing apparel and footwear in Bangladesh."

The new factory will create over 100 new jobs locally and over time will manufacture the full offering of zips, the company said.



**Fifth from left, Group CEO of Coats Paul Forman; Coats Bangladesh, Chairman Salahuddin Kashem Khan; and Ranjan Chakhaiyar, managing director, pose at a programme to celebrate the company's 25 years in Bangladesh, at Radisson Hotel in Dhaka on Sunday.**

"Coats is extremely proud of our world-class operation in Bangladesh and the support and relationship with our joint venture partner," the company quoted Paul Forman, group CEO of Coats, as saying in the statement.

"Our business has seen significant growth and development, particularly in the last few years, and the opening of our new world class zip factory is a demonstration of our commitment to an

ever growing presence here."

He also discussed the market dynamics driven by the growth trend of the Asian middle class, as the Asia-Pacific region moves from being primarily a manufacturing base to the world's largest consumer market.

Coats particularly focuses on the influential and informed customer base in Bangladesh to test and launch new products and services.

In April 2012, Bangladesh was

one of seven countries where Coats Colour Express, the world's first fully digitised web-based colour matching service, was previewed, according to the statement.

"We have a very strong, talented and dedicated team here which has helped make Bangladesh one of the flagship businesses of Coats. We have built a strong foundation for the next 25 years," said Ranjan Chakhaiyar, managing director

of Coats Bangladesh, in his opening speech.

The Bangladesh business has gone from strength to strength in recent years, Chakhaiyar said.

Coats conducts an annual global employee engagement survey and Bangladesh has experienced the most significant improvement; in the 2013 survey the engagement score was 87 percent, up from 46 percent in 2010.

"Earlier this year, it was awarded Coats Business of the Year and also received the inaugural CEO award for health and safety excellence, having reached over five million accident free hours," the company said in the statement.

Coats Bangladesh opened its first factory in 1990 in Chittagong and the second one in Gazipur in 2000.

Coats Bangladesh produces many of Coats newest and most innovative products, including flame retardant threads, adhesive thread for hems, thread with high extension properties and water soluble thread for temporary stitching applications.

In November 2014, Coats will be celebrating another corporate milestone in the region as it marks the 25th anniversary of its highly successful joint venture with Phong Phu in Vietnam.

## Experts stress fast phasing-out of polythene bags

STAR BUSINESS REPORT

Sufficient supply of jute-based or other environment friendly products are necessary to stop the usage of polythene bags or sacks in Bangladesh, experts said yesterday.

Awareness and market monitoring are also vital for stopping polythene bags, especially the ones that are thinner than 55 micron, to ensure a safer environment, they added. The suggestions came at a meeting at the Department of Environment (DoE) to discuss improvement of jute-based and other alternative packaging that would allow phasing out of polythene from general use, like the packaging industry.

Roisul Alam Mondol, director general of DoE, presided over the programme organised by the department's 3R (Reduce, Reuse and Recycle) Pilot Project. Representatives of other industry stakeholders also attended.

The government did not consult the plastic manufacturers before enacting the jute bags mandatory for packing paddy, rice, wheat, corn, fertiliser and sugar, Md Jasim Uddin, president of the Bangladesh Plastic Goods Manufacturers and Exporters Association, said.

"In one fell swoop, a number of plastic

bag manufacturing businesses, which had crores of taka invested in them, became illegal in a day."

But the losses to the plastic industry are nothing when viewed against the damages to the environmental, DoE's Mondol said. "So there is no alternative but to phase out polythene bags to safeguard our environment."

The supply of jute sacks is inadequate, due to which millers are unwilling to use them for rice packaging, AKM Khorshed Alam Khan, president of the Bangladesh Auto Rice Mill Owners Association, said.

But A Barik Khan, secretary of the Bangladesh Jute Mills Association, said a supply shortage is out of the question. At present, the country's total annual capacity for jute bag production is around 150 crore pieces against the domestic demand of about 50 crore pieces, leaving a wide supply surplus, he added.

Asaduzzaman Asad, director of the Bangladesh Jute Research Institute, showed some models of jute bags that can be used instead of polythene bags; the bags cost between Tk 3 and Tk 10.

Rakhal Chandra Barman, director general of the jute department, and Shohidullah Sikdar, pro vice-chancellor of Bangabandhu Medical University, were also present.

## Bangladesh should diversify export basket: Japanese envoy

STAR BUSINESS REPORT

Bangladesh can manufacture some parts of industrial machines and send those to Japanese factories in South-East Asia and India, as the former has great potential in the sector, said Shiro Sadoshima, Japanese ambassador in Dhaka.

The ambassador spoke at a programme on "Japan-Bangladesh relations: comprehensive partnership" organised by Bangladesh Institute of International and Strategic Studies (BISS), at its office yesterday.

He gave example of Op-Seed Bangladesh, a firm in Chittagong Export Processing Zone, which manufactures pushbuttons of vending machines and exports to Japan. Bangladesh is turning into a very important strategic corner, he said.

"The country should take steps now to diversify its export items, Japan could help Bangladesh in this regard."

Diversification of industrial base is the key to industrial development, he said.

Major exporting goods of Bangladesh,

like garment, go to North America and EU, he said, adding that, very little of these exported goods go to the East Asian market.

There are other countries like China, South Korea and Japan that can be destinations of Bangladeshi products, he said.

Japan has started discussions with the government of Bangladesh to open an industrial park to invite potential Japanese investors, he said.

He said Bangladesh Export Processing Zones Authority has agreed to provide two buildings for the industrial park.

He also suggested Bangladesh to take good care of the pharmaceutical industry to boost export.

Japan is eager to help Bangladesh in the fields of energy efficiency, vocational training and maritime science.

Bangladesh's export to Japan has increased 2.5 times in the last five years, said AKM Abdur Rahman, director general of BISS.

Munshi Faiz Ahmad, chairman of the board of governors of BISS, also spoke.



**Kamal Quadir, chief executive officer of bKash, and Kazi Jamil Islam, managing director of Express Leather Products, the franchisee of renowned Italian brand LOTTO, sign an agreement recently. Bkash wallet users can pay through bkash for Lotto purchases now.**

## WB stresses continuous efforts to reform garment sector

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The BGMEA is yet to develop a worker database as per their commitment. The association and its respective members should be more proactive in maintaining the credibility of the commitments made to transform garment manufacturing into a socially compliant industry.

"These reform initiatives will not translate into tangible and sustainable improvement unless implementation is expedited," the report said.

Although Bangladesh still has an edge as an apparel exporter over other competitors, its competitiveness may erode in the long run if working conditions do not improve, said Nadeem Rizwan, research analyst at the Dhaka office of World Bank.

The report said Bangladesh is still considered the leading apparel sourcing destination alternative to China. "Despite the ongoing debate on worker safety issues, buyers plan to increase their sourcing share from Bangladesh through 2020."

The advantage of low wage and abundance of labour is still the most important factor in sourcing from Bangladesh, Rizwan said.

Apart from costs, Bangladesh still holds the advantage of capacity and ability to handle large volumes of orders in a timely manner, he said.

With India not being favoured by the western retailers as a replacement of Bangladesh even after the Rana Plaza tragedy because of cumbersome regulations and the uncertain political situations in

Pakistan, Bangladesh remains the best possible option for the buyers' alternative to China, according to the report.

"Bangladesh's advantage cannot be taken for granted. So, it is necessary to continue the garment sector reforms," Rizwan said.

In FY14, garment exports accounted for 81.2 percent of Bangladesh's total export, increasing from 79.6 percent in FY13.

Garment exports were 14.1 percent of its GDP in FY14, and the sector is the largest employer in Bangladesh outside agriculture with around 4 million workers, 80 percent of whom are women.

The European Union and the United States remain the primary destinations for Bangladeshi garments as they accounted for 60.2 percent and 21 percent share of the total garment exports from Bangladesh respectively.

"Growth in garment exports in FY14 was volume driven. Exports grew by 17.4 percent in the European Union in FY14 compared to FY13," World Bank said.

"This was mainly due to the 19.1 percent increase in volume of knitwear products. Overall export volume growth in EU was 14.7 percent in FY14."

However, export performance to the United States was sluggish. Export volumes and value rose by 2.8 percent and 2.9 percent respectively in the US market.

Early signs for the new fiscal year are not encouraging as garment export in the US declined by 8.8 percent in the first two months of FY15 compared to the same period of FY14.

## Novo Nordisk chief amid top 10 CEO's in the world

STAR BUSINESS DESK

Novo Nordisk's President and Chief Executive Lars Rebien Sørensen has been named one of the best-performing chief executives in the world in a new study by the Harvard Business Review.

Sørensen ranked sixth overall in the review's top-100, making him the only chief executive from a European company to break into the top 10, Novo Nordisk said in a statement yesterday.

The list is topped by Jeff Bezos of Amazon, while the rest of the top 10 are all based in either the US or Canada.

The study looked at companies listed in Standard & Poor's Global 1200 Index at the end of 2013, and ranked chiefs after examining metrics, including change in market capitalisation, total shareholder returns and company reputation.

During Sørensen's 14 years at the helm, the report found that Novo Nordisk has delivered industry-adjusted total shareholder returns (excluding increases attributable to an overall increase in fortunes for the pharmaceutical industry) of 1,214 percent, while its market capitalisation has risen by \$101 billion.



## IDLC chief made vice president of merchant bankers assoc

STAR BUSINESS DESK

Md Moniruzzaman, managing director of IDLC Investments, has recently been selected as the second vice-president of the Association Bangladesh Merchant Bankers Association.

The decision came at the association's executive committee meeting at Lakeshore Hotel in Dhaka on Sunday, IDLC said in a statement yesterday. Tanjil Chowdhury, president of the association, attended the meeting.

Moniruzzaman has been working in the banking as well as investment banking industry for over 15 years. Prior to joining IDLC, he worked for Citi as financial controller and as chief finance officer for their merchant banking arm.



## Economic growth to accelerate 6.2pc

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"The expected decline in the poverty rate is not a result of any survey -- rather, it is based on assumption. But, it is realistic," Hussain said. On the WB's assumption, the lead economist argued that the dynamism of the economy has remained the same or even better compared to the performance it showed between 2000 and 2010 when poverty was cut by 1.74 percentage points annually.

The WB also said the income of the bottom 40 percent is likely to have continued to increase because of increased employment and wages. The WB also warned of some risk factors facing the economy, with domestic factors dominating the risks to near-term outlook. A resurgence of political unrest, even if it is not as ferocious and as long as experienced in the last half of 2013, is the principal risk for the near term.

"This will depress private investment, push up inflation and potentially put reserves under pressure."

It said lack of visible progress in upgrading labour and safety standards in garment factories could trigger loss of preferential access to the European Union markets. The inability to reopen job opportunities in the Middle-East clouds the sustainability of remittance growth prospects.

"These are high impact risks, particularly when combined with the possibility of a protracted slowdown in advanced economies."

The WB said even if all the conditions are growth friendly, growth may still elude Bangladesh unless there is confidence about political stability and policy continuity.

The global lender said the deterioration in state banks' financial solvency could challenge fiscal sustainability and constrain the availability of resources for public investment.

An oil price shock from heightened geopolitical tensions in the Middle East, or a protracted slow growth in trading partner economies, would adversely affect inflation and the balance of payments, it said.

The WB report however said Bangladesh's closed capital account limits its vulnerability to global financial volatility, but a large depreciation of the Indian rupee could strain deepening and diversification of Bangladesh's exports, particularly in garments, footwear and light manufacturing.

The WB said the country is well-known as a case of growth governance conundrum, adding that the governance environment may have been barely adequate thus far to cope with an economy breaking out of extreme poverty and low growth.

"Bangladesh needs to create a system of governance that can successfully manage the interactions between the state and a well-functioning globally integrated economy."

It said managing such an economy requires inputs that markets do not easily provide: infrastructure, security, rules, standards, certifications, training and so on.

"These can be provided only by professionally competent and well-funded government agencies operating in a system that decentralises power to identify problems, work out solutions and monitor performance."

The report said the non-elected state institutions—higher judiciary or the higher echelons of civil bureaucracy or the Election Commission or the Anti-Corruption Commission and other watchdogs, need total confidence of the public. "Without restoring the credibility of these institutions, governance will not grow out of patronage politics," the WB added.

## Eid festivals clock up Tk 92,820cr in retail sales

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Hussain said the study cumulated the retail sales figures obtained from the shoppers' associations for Eid-ul-Fitr and the sales of sacrificial animals ahead of Eid-ul-Azha.

Eid-ul-Fitr is the country's biggest spending season, when most families of the predominantly Muslim nation buy clothes, footwear and other accessories, while Eid-ul-Azha witnesses sacrifices of hundreds of thousands of cows, goats and buffaloes.

Nearly one crore cattle were sacrificed during the Eid-ul-Azha earlier this month, according to Shaheen Ahmed, chairman of the Bangladesh Tanners Association.



**Adjutant General of Bangladesh Army and Vice Chairman of Trust Bank Major General Ashraf Abdullah Yussuf attends the signing of an agreement for the collection of various fees of cadet colleges through the bank's mobile money and card services recently. Managing Director Ishtiaque Ahmed Chowdhury was also present.**



**Tanvir Haider Chaudhury, chief executive of Kazi Food Industries, attends the launch of the company's branded fast food outlet in Dhanmondi, Dhaka on Monday. Two similar outlets were launched at Khilgaon and Khilkhet Moddhopara in the capital.**