

DHAKA FRIDAY JUNE 26, 2015

American retailers lowering prices of Bangladeshi apparel

STAR BUSINESS REPORT

The American retailers have progressively been lowering the prices they pay for Bangladeshi garment items, a recent study found.

For instance, trousers, the most popular export item from Bangladesh to the US, saw its prices decline 40.89 percent between 2000 and 2014, said Mark Anner, an associate professor of the Pennsylvania State University, who conducted the study.



Anner compared the import prices of items from top 20 of the US's sourcing nations like China, Vietnam, Bangladesh, Mexico and India between 1989 and 2014.

The findings of the study were presented yesterday at the office of the Bangladesh Garment Manufacturers and Exporters Association.

At the same time, the prices of garment items from China and Vietnam have increased, according to the study.

Bangladesh is the largest exporter of men's and boy's trousers to the US, followed by China, Mexico, Vietnam, Pakistan and Indonesia.

To improve the situation, Anner suggested three options: information sharing and awareness, government's initiatives to break up the unfair competition, and coordination among weaker actors (suppliers' coordination) to address the power imbalance in the supply chain.

Khondaker Golam Moazzem, an additional director of the Centre for Policy Dialogue, said practising ethical profit sharing can ensure proper pricing of items.

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Hi-tech park nears reality

Govt to sign deal with a developer on Sunday

MUHAMMAD ZAHIDUL ISLAM

The long-delayed hi-tech park at Kaliakoir has finally taken one small step towards realisation, as the government looks to tie down an Indo-Bangla joint venture firm to develop parts of the estate.

Summit Technopolis, the joint venture, will be awarded the work to construct two of the five blocks of the 232-acre park on a design, build, finance, operate, own and transfer basis.

The hi-tech park authority will sign an agreement with the company on Sunday for 40 years, which can be extended later by another 20 years, said Safiqul Islam, project director of Kaliakoir Hi-Tech Park.

The company is a 75/25 joint venture between Summit Industrial & Mercantile Corporation Pvt Ltd, a



The decision to develop the park was taken in 1999

Total area 232 acres

Total jobs to be created 66,000

A joint venture of Summit and Infinity will develop two blocks

The JV will invest \$207.59m

subsidiary of local Summit Group, and Infinity, an Indian firm.

The company will develop block No. 2 and 5, spanning over 65 acres

and 29 acres of land respectively, over a ten-year time period.

The joint venture has proposed to invest \$114.56 million for block-2 and \$93.03 million for block-5.

In block-2, it needs to erect a multi-tenant building, a convention centre and a hotel, customs infrastructure and a warehouse.

For block-5, it will have to develop the industrial area, water treatment plant and a substation for electricity.

The government will get 11 percent of the earnings of the two blocks as rent for the built-up spaces for the initial 40 years, according to the proposal.

It will also get 22 percent from block-2 and 23 percent from block-5 as earnings on the leased land and another 8 percent for utility and other charges.

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Forex reserves cross \$25b

STAR BUSINESS REPORT

Bangladesh's foreign currency reserves crossed \$25 billion yesterday, setting a new record.

The reserve of \$25.02 billion is enough to meet the country's import bills for more than seven months, Kazi Sayedur Rahman, general manager of the forex reserve and treasury management department of Bangladesh Bank, told The Daily Star.

The reserves first crossed the \$23-billion mark on February 26 and \$24

billion on April 29 this year.

The central bank attributed this large reserve sum to export earnings, remittance, foreign direct investment and the private sector's foreign-sourced loans.

Declining import bills for food grains and petroleum oils also played an important role in fuelling the reserve, according to a statement by the central bank.

Exports grew only 2.8 percent to \$28.14 billion and remittances 7.21 percent to \$13.87 billion in July-May of the outgoing fiscal year, compared

to the same period in the previous year, according to data from the central bank.

On the other hand, imports (freight on board-basis) increased more than 12 percent to \$33.46 billion during the first 10 months of the fiscal year till April.

According to analysts, the private sector's increasing dependence on loans from foreign sources has had a major role in the country's forex reserves figure every month.

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Garment exports to US will not be hurt by Trans-Pacific agreement: economist

REFAYET ULLAH MIRDHA

Bangladesh's garment exports to American market will not be affected by the proposed Trans-Pacific Partnership, a mega trade deal involving the US and 11 other Pacific Rim nations including Vietnam, its main competitor in apparel trade, an economist said.

The reason being the country is performing well now even after paying a higher duty than Vietnam to the American market, said Ahsan H Mansur, executive director of Policy Research Institute, a private think tank.

At present, Bangladesh pays 15.62 percent duty for its garment exports to the US, whereas Vietnam pays 8.38 percent. If the TPP is signed, Vietnam's garment items will enjoy duty-free access to the US market.

Originally a trade pact envisaged by Brunei, Chile, New Zealand and Singapore, the TPP was transformed in 2008 when the US expressed its interest.

Since then, the TPP has expanded to 12 members, bringing in Australia, Canada, Malaysia, Mexico, Peru and Vietnam. Most significantly, in 2013, Japan -- often considered a free-trade laggard -- surprised many by entering the talks.

The TPP is called a partnership because the negotiation goes beyond lowering traditional trade barriers, such as tariffs and quotas, and is expected to include rules on regulatory policies (such as competition law).

These 12 nations are also expected to agree upon rules on the conduct of state-owned enterprises, which sometimes receive subsidies from governments or give subsidies to others -- both of which can allow for undercutting of rivals.

Among the proposed TPP nations, only Vietnam is a major garment exporter and the other countries are strong in other products, Mansur said.

And Vietnam is performing well in the US market due to preferential tariff rates it gets on its export of garment items, he added.

Currently, Bangladesh is the sixth-largest garment exporter to the US market and Vietnam is the third largest.

Garment and textile exports to the US from Vietnam increased 12.64 percent year-on-year to \$3.47 billion between January and April, according to data from the US Department of Commerce.

Bangladesh's exports grew 7.24 percent to \$1.90 billion in that time.

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Olympic Accessories makes a flying trade debut

STAR BUSINESS REPORT

Olympic Accessories yesterday made a flying trade debut on Dhaka Stock Exchange and became the top gainer and turnover leader of the day.

Each share of the company closed at Tk 48.4 on the premier bourse, almost five times higher than the initial public offering price of Tk 10, according to the DSE website.

Some 87.21 lakh shares worth Tk 39.63 crore were exchanged on the trading floor, which is around 8.75 percent of the total turnover of Tk 346.62 crore.

It is the 31st listed firm in the engineering sector that accounts for around 5 percent of the premier bourse's total market capitalisation.

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