

DHAKA MONDAY AUGUST 31, 2015

Apparel prospects to stay strong

McKinsey survey says Bangladesh will remain top garment sourcing destination, but African threat looms

REFAYET ULLAH MIRDHA

Bangladesh will remain the top garment sourcing destination for global retailers at least for the next five years, and buyers will continue increasing purchase from the country, McKinsey & Company said in a report.

During the period, the country's garment exports will grow 7-9 percent year-on-year, while India and Vietnam will be its nearest competitors, according to the survey report.

The survey was conducted among 40 chief purchasing officers (CPOs) of top 40 international garment retailers during January-February this year.

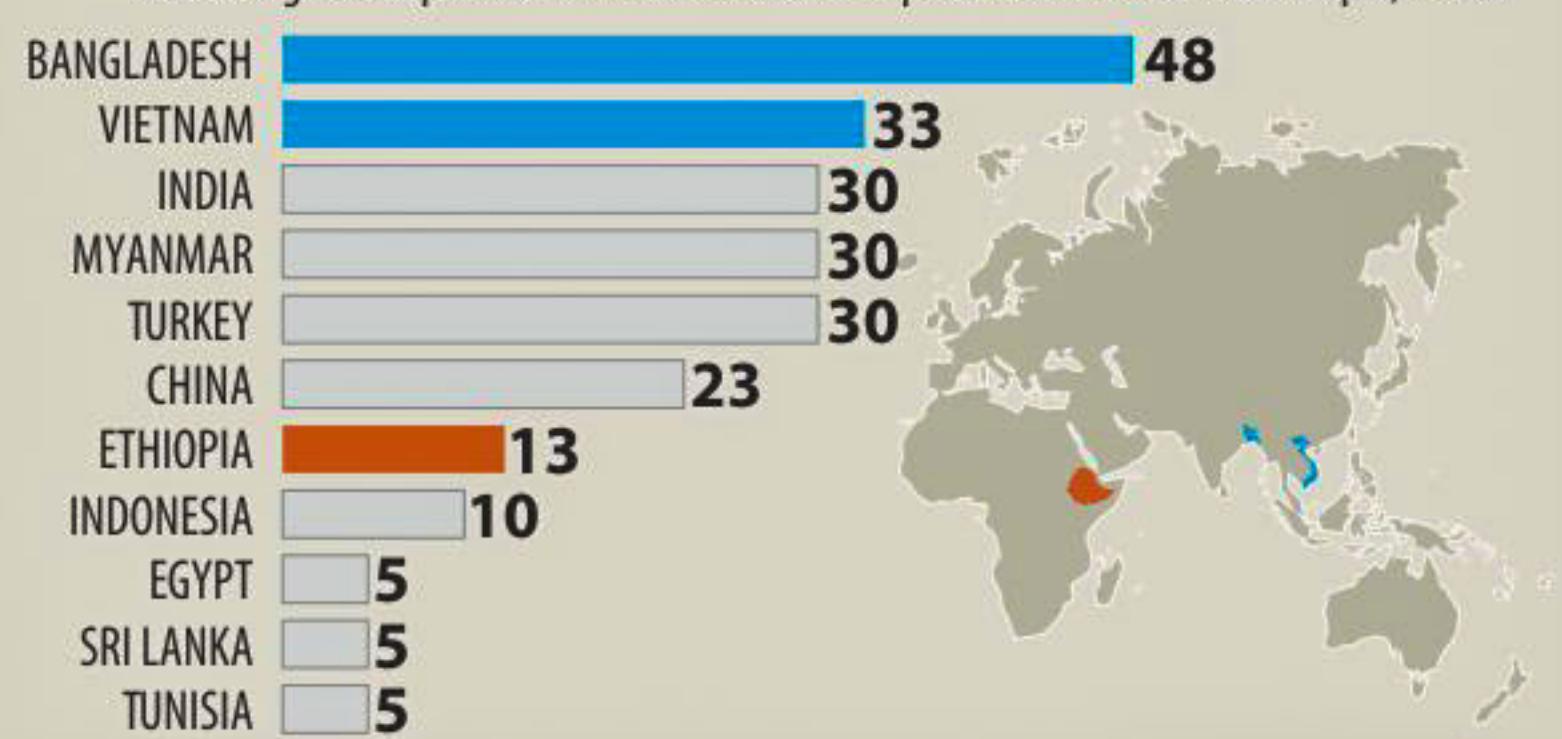
Some African countries are also coming up strongly in the global garment business, said McKinsey & Company, which is a global management consulting firm and serves leading businesses, governments, non-governmental organisations, and not-for-profits.

The respondents in the survey

Bangladesh and Vietnam are seen as key buying locations; Ethiopia appears on the list of top up-and-coming suppliers for the first time

WHICH NATIONS WILL BE THE TOP THREE OVER THE NEXT FIVE YEARS?

Percentage of respondents who ranked the respective countries within top 3, n=40



Sourcing in a volatile world: The East Africa opportunity cumulatively purchased \$70 billion worth of garment items worldwide in 2014.

"For international CPOs, Bangladesh

remains the top future sourcing destination, as 48 percent of respondents put it in the top-3 up-and-coming sourcing markets," according to the report.

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Commward celebrates 50 ad campaigns



Winners rejoice at the Commward award event, an initiative of Bangladesh Brand Forum, which recognised 50 advertising campaigns for inspirational and creative communication, at Sonargaon Hotel in Dhaka on Saturday.

STAR BUSINESS REPORT

Commward, an initiative of Bangladesh Brand Forum or BBF, has awarded 50 advertising campaigns to recognise and inspire creative communication.

Nineteen advertising agencies and producers received 62 awards on Saturday in 20 areas, including print, television, radio, outdoor, copywriting, campaign for women, marketing and direction for ad film.

Twenty awards were given in the Grand Prix category, 28 in Gold and 14 in Silver, at a ceremony at Sonargaon Hotel in Dhaka.

Shariful Islam, chief executive of BBF, said the purpose of the awards is to recognise creativity in the communication industry.

"We want to become a more creative, as creativity is the most important and valuable thing in the field of communication," he said.

About Tk 2,000 crore is being invested in the local industry a year, according to

Tarana goes tough on lobbyists

STAR BUSINESS REPORT

Tarana Halim, the state minister for telecom, yesterday issued an order to prevent five senior executives of different telecom operators from entering the secretariat and telecom regulator's office.

The move was made as the executives were reportedly taking undue benefits for their companies by lobbying government officials.

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Jute farmers get better prices

SOHEL PARVEZ

Jute growers are receiving better prices this season amid higher exports of the raw fibre to India and fears over low local output due to unfavourable weather, said traders and exporters.

The price of raw jute in the local markets rose 13 percent to Tk 1,700-Tk 1,800 a maund (40kg) from last year.

Farmers are happy that prices are higher this harvest season, but at the same time, jute goods makers are apprehensive that it may affect their export competitiveness as global demand is still tepid.

"It is good that we are getting better prices this season compared to last year," said Md. Shihabul Islam, a farmer at Boalmari in Faridpur, one of the main jute growing districts.

"Current prices will bring profits."

Prabir Saha, a jute trader at Madhukhali, Faridpur, linked the price spike to higher raw jute exports to India.

"India bought a higher amount of raw jute in April-May, as production has been affected there by unfavourable weather conditions, which led to the spike in demand," said Abdul Quayyum, secretary of Bangladesh Jute Association, a platform of raw jute exporters.

Heavy rains in July and early August affected the crops, including jute, in India.

Bangladesh Jute Spinners



STAR/FILE
Jute growers get better prices amid higher exports of the fibre to India.

Association (BJSA) predicts that total jute production might be up to 60 lakh bales (1 bale=182kg) this harvesting season.

The Department of Agricultural Extension has set the jute production target at 75.6 lakh bales this year, which is slightly higher than last year's output of 75.01 lakh bales, recorded by Bangladesh Bureau of Statistics.

Suruz Mina, a farmer from Shibchar of Madaripur district, said drought has stunted the growth of jute plants.

"Yield is expected to be low as the plants did not grow much this year,"

said Ahmed Hossain, chairman of BJSA.

The industry requires about 55 lakh bales of raw jute to make yarn, jute and jute goods, mainly to export, he added.

Under current circumstances, there might be a shortfall and prices will go up in the coming months, according to Hossain.

"We are concerned as local market prices do not match our production costs and export prices. The cost of raw materials is going up but our buyers are not agreeing with the prices," said Hossain.

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Sales of savings tools rise despite rate cuts

STAR BUSINESS REPORT

Sales of savings instruments went up 18.66 percent in the first month of fiscal 2015-16 compared with the same month a year ago despite interest rate cut on the scheme.

In July, savings instruments worth Tk 3,236 crore were sold, up from Tk 2,727 crore in the same month last year.

In 2014-15, savers bought certificates worth Tk 42,659 crore, up by more than 75 percent from the previous year.

This prompted the government to slash the interest rates by 2 percentage points in May to bring down its expen-

iture on interest payment as well as to create a level-playing field for banks which had faced stiff competition in attracting deposits.

A senior official of Bangladesh Bank, however, said despite the cuts, the interest rates of savings instruments are still higher than those offered by banks. Savings instruments now offer returns between 11.04 percent and 11.76 percent whereas it is below 9 percent at banks.

According to central bank statistics, the average interest on bank deposits was 6.8 percent in June, which was 7.79 percent a year ago.

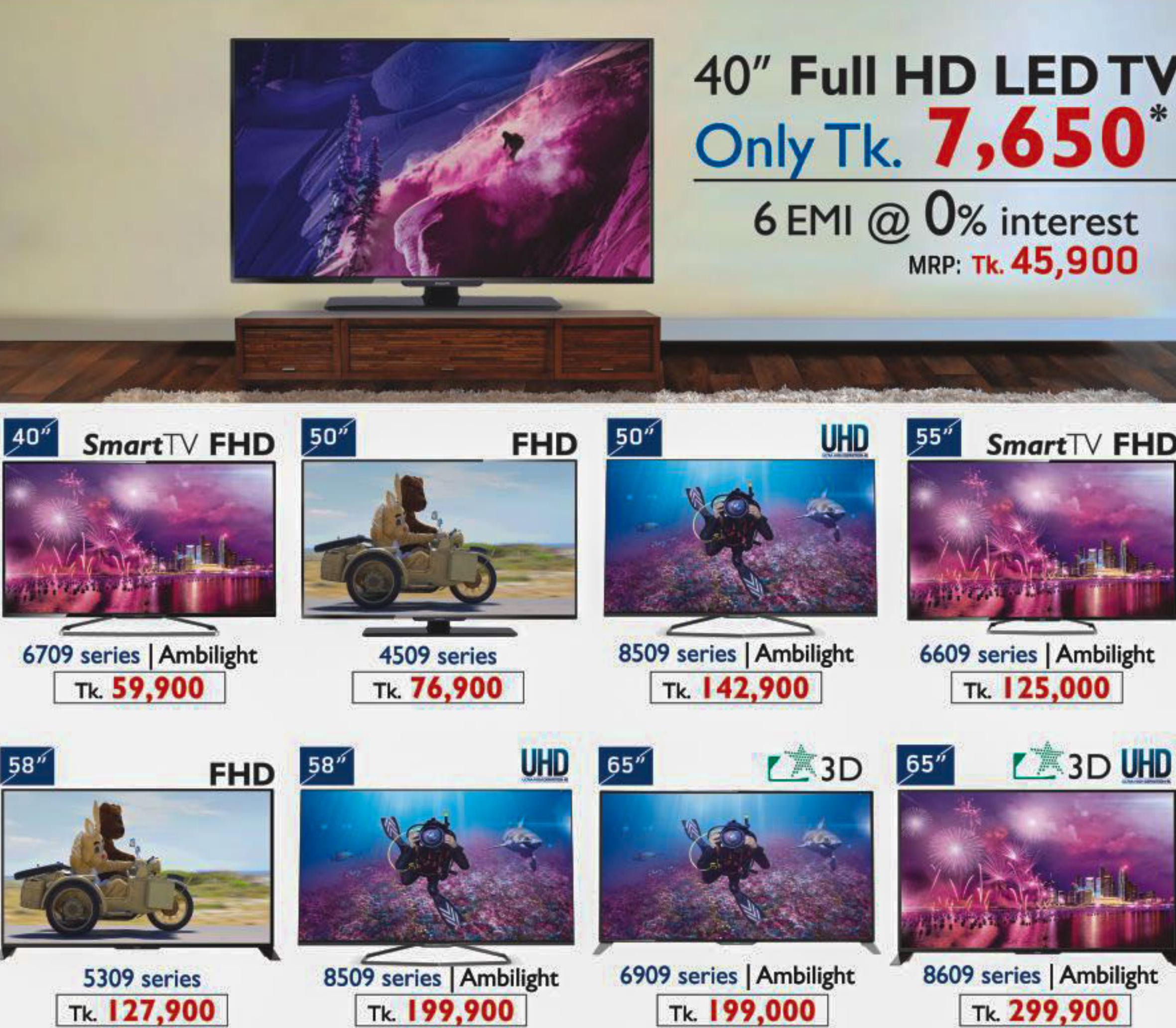
An official of Sonali Bank said banks' deposit rate has been sliding gradually for the last two years as the investment situation in the country has not yet improved.

The government's borrowing from the banking system decreased, as the sales of savings instruments increased.

The government had targeted to borrow more than Tk 30,000 crore from the banking system in the last fiscal year to meet the budget deficit. But it did not borrow a single taka ultimately because of excessive sales of savings certificates; rather it repaid its past loans.

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