

Paper cup: the business of protecting environment

SOHEL PARVEZ

NOT all were lucky enough to benefit from the stockmarket bubble of 2010 and roll money for a bigger cause. But Kazi Sazedur Rahman could.

He became a stockmarket investor in 2008 with the money he had made from supplying to a power plant and sold off all the shares just couple of days before the bubble bust. He was all of 24 years of age then.

"I did not have any clue about the market crash. I liquidated shares to chase the dream of making environment-friendly paper cups," said Rahman, who had set up a small factory to make paper cups two years from later.

The idea came when he was performing Hajj with his mother in November 2010. He was given some dates for iftar in a disposable paper cup.

"I was fascinated by the cup. This was eco-friendly and still made of food grade products. I felt that I got what I was looking for."

Upon returning home, Rahman sold off his holdings in stocks and started looking for information on paper cup.

He mainly found plastic cups. In his quest, he went to Malaysia and later to China, where he stayed one and a half months to receive training on the technology to make paper cups.

However, training and some cash was not enough for him to start business. Rahman applied for loans to some banks, and all but Islami Bank agreed to lend him for the project.

Rahman was given Tk 30 lakh, although the money was one-third the amount he sought.

With the loan and Tk 10 lakh

in hand, he ventured into making paper cups by renting a small room in Tejgaon and KPC Industries was born.

He set up three machines by investing Tk 23 lakh and went into production in June 2012.

"I had no office when I applied for loans. One of my relatives allowed me to prepare documents by using the address of his garment factory in Ashulia. This support helped me a lot to



Kazi Sazedur Rahman

start the business."

With the cups produced in the factory, Rahman went to Gulshan kitchen market and sold one cartoon of cups for Tk 3,000 to retailers there. He bagged orders for supplying 2 lakh pieces of cup per month from Chevron, the American energy company.

"Later, Pepsico began buying from us. This gave me great strength."

Rahman never looked back after this. Within six months of production, his corporate clients rose to 55. Today, it stands at 160 and includes household names like Nestle and Pran.

KPC now manufactures 3.30 lakh paper cups a day along with paper plates and bowls. It is also



STAR

Workers make paper cups at a factory of Kazi Sazedur Rahman.

eyeing expansion.

"We are building a plant at our own land. We will have zero wastage in the factory," said the proprietor of KPC, whose turnover soared 22 percent to Tk 11 crore in 2016-17.

The new facility, which will be set up at Rugganj, Narayanganj, will manufacture 12 lakh pieces of paper cups a day to cater to both the domestic and export markets.

Rahman expects to commence production in the new factory in 2018. "The prospect in the domestic market is huge. Just think how much tea the people in this country drink. If the tea stalls begin using paper cups, there will be a huge demand."

Some 15 crore pieces of cups

are used annually in the country, with the majority being supplied by local manufacturers. Globally, the market for paper cups is \$280 billion per year, he said.

"The most beautiful aspect of this is that the paper cups help us protect our environment from degradation by replacing plastic cups and at the same time, create business for us. I was thinking of doing something like this."

The paper cups, which are made of cup stock board from virgin wood pulp, can be converted into organic fertiliser within 21 days, he said.

However, there are challenges. The paper cup manufacturers have to import the raw materials by paying a total of 61 percent tax

and duty.

The import duty for finished product is also the same. As a result, local manufacturers like KPC have to face tough competition with imported cups from India.

"Bangladesh Bank should include paper cup making into its green projects refinance scheme."

If the government withdraws import duty on raw materials, the production cost will decline substantially.

"We will be able to sell the cups at less than the current prices. This will drive the environmentally hazardous plastic cups out of the market," said Rahman, who was recognised by the SME Foundation as the fourth best industrial entrepreneur in 2016.

Bitcoin claws back over \$1,000

REUTERS, London

Bitcoin surged on Monday, recovering more than \$1,000 after losing almost a third of its value in less than four days as traders bought back into the volatile cryptocurrency.

Bitcoin tumbled in the second half of last week, falling as low as \$5,555 on the Luxembourg-based Bitstamp exchange on Sunday, a slide of almost 30 percent from a record high just shy of \$7,900 on Wednesday.

It rebounded on Monday, trading up more than 14 percent on the day at \$6,718, though that was still more than \$1,000 less than last week's record high.

Market-watchers said the fall had been driven by a decision on Wednesday to abandon a planned software upgrade that could have split the cryptocurrency in a so-called 'fork' - a move that had initially had a positive impact on the digital coin, sending it to a record high of \$7,888 on the view that this marked a resolution of a long-term dispute.

But some were disappointed that "Segwit2x" fork had been abandoned. It would have increased the capacity of the "blocks" transactions are processed in, thereby reducing competition to get payments processed and lowering transaction fees.

EU markets agency warns new crypto coins could prove worthless

REUTERS, Frankfurt

Europe's top markets regulator has warned investors about the pitfalls of buying newly issued crypto coins, an experimental and unregulated form of online crowd funding particularly used by start-up businesses.

The European Securities and Markets Watchdog (ESMA) said on Monday such Initial Coin Offerings (ICOs) were unregulated, volatile, not transparent and technologically untested.

"ICOs are extremely risky and highly speculative investments," the agency said, adding there was a risk of "the total loss of your investment".

"Many of the coins or tokens ... have no intrinsic value other than ... to use them to access or use a service/product," said the agency, warning coin issuers they may be subject to existing regulations.

After Swiss and Wall Street regulators, ESMA is the latest to demand tighter scrutiny of cryptocurrencies. China has banned ICOs.

By creating and issuing digital tokens, entrepreneurs can sometimes raise tens of millions of dollars within hours - with little regulatory oversight. Token holders are generally not given a share in a project or security.

May meets EU business leaders as Brexit tensions grow

AFP, London

BRITISH Prime Minister Theresa May met EU business leaders worried about Britain's departure on Monday, as a secret letter emerged from two cabinet ministers instructing her how to run Brexit.

The leaked memo from Foreign Secretary Boris Johnson and Environment Secretary Michael Gove, two top Brexit advocates, told May to ensure other ministers back the process by "clarifying their minds".

"We are profoundly worried that in some parts of government the current preparations are not proceeding with anything like sufficient energy," they wrote, according to the Mail on Sunday newspaper.



Britain's Prime Minister Theresa May

The letter titled "EU Exit -- Next Steps" said failure to prepare for a no-deal outcome to Brexit negotiations "would leave us over a barrel in 2021" -- at the end of a possible transition period. The political tensions drove down the pound in morning London deals, with the currency falling sharply to \$1.3074, while the European single currency advanced to 89.05 pence.

Businesses have warned that they will be forced to activate contingency plans -- some of which involve relocating part of operations to the continental European Union -- if Brexit uncertainty persists.

"This is an important meeting because the urgency that is shared by businesses across Europe is growing by the day," Carolyn Fairbairn, head of the Confederation of British Industry,

said ahead of the meeting with May in her Downing Street office.

French and German business association representatives will also be present, as well as a delegation from the EU-wide BusinessEurope.

BusinessEurope head Emma Marcegaglia said after the talks that they had emphasised "the mutual importance of making urgent progress in the EU-UK talks."

"Business is extremely concerned with the slow pace of the negotiations and the lack of progress only one month before the decisive December European Council," she said, referring to a summit where the next steps in Brexit negotiations are due to be decided. Fairbairn said: "A transition period reflecting the current arrange-

ments remains the priority on both sides of the Channel."

The Sunday Times earlier reported that 40 MPs from May's Conservative party have agreed to sign a letter of no confidence in her, just eight short of the number needed to trigger a leadership contest.

Two cabinet ministers have been forced to resign in recent weeks -- one over sexual harassment and the other for a series of unauthorised meetings with Israeli officials -- weakening May's leadership.

This week sees the start of a series of parliamentary debates on the EU Withdrawal Bill, a major piece of legislation to incorporate thousands of EU laws into British law and repeal the European Communities Act enshrining Britain's EU membership.

Nafta struck El Paso hard, an exit by Trump could hurt more

REUTERS, Texas

THE jeans Estela Ortiz wears to work on casual Fridays are a last vestige of the job she held for 24 years at Levi Strauss, one of El Paso's top employers before the North American Free Trade Agreement clobbered the town's textile industry.

The 1994 trade pact helped eliminate the jobs of Ortiz and thousands of others in the West Texas border town, as manufacturing plants in the area left for Mexico and elsewhere, and firms boosted imports.

But Ortiz, like many others in El Paso, has come to terms with the changes. Now, as the administration of President Donald Trump, a Republican, works to renegotiate or scrap the trade deal, what worries many is what kind of economic havoc eliminating Nafta could bring.

Across the United States, businesses and communities that have adjusted, often with difficulty, to changes Nafta brought face the possibility of yet more disruption.

"We've actually suffered some of the pains of globalisation; I think we are in the position now as a country and as a state to reap the rewards," Dallas Federal Reserve President Robert Kaplan said in a visit last month to El Paso.

Kaplan said that trade with Mexico has, overall, boosted US competitiveness and jobs. "If we didn't have this trading relationship ... we'd likely lose some of these jobs in this hemisphere."

The trade agreement negotiated by the Republican administration of President H.W. Bush and finished by President Bill Clinton, a Democrat, reshaped El Paso's economy for both good and ill.

Despite initial job flight, the city of about 680,000 people has many more jobs than before the trade pact signed by the United States, Canada and Mexico, and unemployment is down.

The new jobs are different from the old ones, and wages in the area have not risen as quickly as in other parts of the United States.

After Levi Strauss closed its last US plants in 2002, Ortiz took another job in the garment industry.

Laid off a few years later, she switched gears, eventually finding temporary work recruiting students to El Paso Community College.

Ortiz, 61, now has a full-time position there. Compared to her days at Levi Strauss when she was a human resources manager, the pay is "way less," she says. "But at least ... as an educational institution, it cannot be affected so much by Nafta."

El Paso, one of the poorest US cities even before Nafta, lost 29,000 manufacturing jobs between 1994 and 2016, Labor Department data shows. Not all of those could be

A Reuters analysis suggests Nafta also held down wage growth in El Paso, leaving residents' average pay lagging far behind the rest of the United States. Average weekly wages are 69 percent of the national average. In 1993, the year before Nafta was signed, they were 75 percent.

"In the broadest possible picture, Nafta probably provided a very minor increase in real incomes in the US," said University of Virginia's John McLaren, who co-authored a 2016 study documenting NAFTA's effect on US wages. "But for an important minority of blue-collar people who already had lower

By 1999, that was changing, with El Paso unemployment consistently below 10 percent. In the ensuing years, the city has slowly closed the gap with the rest of the United States. Since the financial crisis in 2008, El Paso's unemployment has mostly run within a percentage point of the national average; for the past several months it has run below it.

"That is a good development," said University of Texas El Paso economist Tom Fullerton. "Cancelling Nafta would not just wreck prospective economic gains, it could disrupt existing business



REUTERS/FILE

Trucks cross into the US at the US-Mexico border crossing in Mexico.

attributed to the trade pact, however, because there were other factors including different trade agreements and increased automation.

In the first six years of Nafta, more than 22,000 workers in El Paso were certified by the Department of Labor as having lost jobs because of the adverse effects of trade. About 11,000 more jobs have been certified as lost since then. At least 17,000 of the total job losses were linked to production shifting to Mexico or to increased imports from Mexico.

wages, it was a big negative ... El Paso was one of the most affected" places.

El Paso, on the Rio Grande across the US-Mexico border from Mexico's Ciudad Juarez, has come back to some extent from the early years of Nafta. By some measures it is better off than it was.

Unemployment was high in El Paso before Nafta and remained high for years, sometimes in the double digits, even as the rest of the country stayed mostly in the 4 percent to 5 percent range.

practices very badly."

For some in El Paso, Nafta has meant crossing the border to work. Every weekday, Sergio Balderrama drives his red pickup to Juarez for his job as commodity manager at a plant that assembles electronic parts for cars made by GM, Audi, Hyundai and others.

Balderrama's employer, Grand Rapids, Michigan-based Firstronic LLC, is moving ahead with plans to expand production in Juarez, which supplies mostly to factories in Mexico.