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## Indian tyre giant Ceat plans to open unit in Bangladesh

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Indian tyre giant Ceat has started work to set up a manufacturing plant in Bangladesh to cash in on the booming automotive industry.

"It (Ceat) has started the field survey and selection of land for the plant," said Shafiqat Hossain, manager of Basumati Distribution, a concern of Basumati Group of Companies that represents the Indian tyre maker in Bangladesh.

Ceat that makes different types of tyres for vehicles including big trucks, counter balance trucks, warehouse trucks, personal cars, motorcycles, and three-wheelers, announced last week that it has plans to invest Rs 250 crore (Tk 416 crore) to set up a plant in Bangladesh.

"Tyre making requires a lot of energy and we are suffering for not getting adequate gas. I don't know how the government will provide Ceat the gas," said Luthful Bari, general manager of Meghna Rubber Industries that manufactures tyres for rickshaws, bicycles, motor cycles and CNG-run three-wheelers.

Gazi Tyres and Apex Husain Tyre are two other major manufacturers in Bangladesh. They are investing crores of taka to increase their production capacities in an apparently growing market, especially for light commercial vehicles (LCV), which are generally minibuses and light trucks (3 tonnes).

Demand for tyres is rising fast as 10,000-12,000 buses and trucks are coming on the roads every year. Local manufacturers said demand for motor cycle tyres is booming -- 25,000-30,000 pieces a month. The price of tyres also quadrupled in the last decade as demand rose.

Bangladesh spends over Tk 1,500 crore to import around 15 lakh tyres of all sizes a year, according to the importers, distributors and sellers. Around 70 percent of imported tyres come from India, followed by China, Indonesia, Japan and Thailand, industry insiders said. Of the amount, more than a third is spent on LCV tyre imports.

"We are making tyres for motor cycles, LCV and CNG-run three-wheelers. All Walton-brand motor cycles use our tyres," said Shafiqul Islam, assistant manager of Gazi Tyres.

Local tyre makers who are coming up slowly are sceptical about the Indian giant's entry into the Bangladesh market.

Islam said at a time when local makers are doing well in LCV and motor cycle tyres, it will not be wise to allow a foreign company into the same field. Bari of Meghna said Bangladesh is not self-sufficient in rubber, which is a necessary input for tyres.

Husain Tyre, which started production in 1996 making three-wheeler scooter tyres, now makes over a dozen types, including tyres for LCVs and minibuses. It runs under capacity due to a gas crisis, said its officials.

But Hossain of Basumati Distribution sees the Ceat move as a positive sign.

"There will be employment for several hundred people. Moreover, foreign currency being spent on imports will be saved," he said.

Anant Goenka, deputy managing director of Ceat, said last week they have plans to start production in the Bangladesh plant by the end of 2013. Ceat plans to replicate its Sri Lanka model by setting up a small plant of 65 tonnes a day.

The Bangladesh plant will make cross-ply tyres for trucks, light and small commercial vehicles and two-wheelers for the local market.

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