

Stocks

DGEN 1.04%
3,055.19

CSCX 0.39%
4,995.76

Asian Markets

MUMBAI 0.32%
15,923.72

TOKYO 1.96%
12,532.13

SINGAPORE 1.04%
2,836.59

SHANGHAI 3.58%
4,146.30

Currencies

Buy TK. Sell TK.
USD 68.00 69.00

EUR 103.12 107.69

GBP 135.61 140.81

JPY 0.66 0.69

SOURCE: STANDARD CHARTERED

Commodities

Oil
\$104.91
(per barrel)

SOURCE: AFP

More News

The slow death of Mongla



B-4

Jute mill goes into trial run in Kurigram

A private jute mill in Kurigram district has gone into trial production, creating jobs for 250. The mill, which now produces 4 tonnes of jute bags a day, will make a total of 10 tonnes of bags per day when it will go into full production.

B-3

International

Soaring oil prices hit fight against Philippine poverty

Philippine President Gloria Arroyo said soaring oil prices had hurt her country's fight against widespread poverty despite high economic growth last year.

China's urban, rural income gap widening

The income gap between urban and rural areas in China kept growing last year and there is a long way to go to narrow it down, a senior agricultural official said Monday.

B-4

Bangla Biz Lexicon

CNG - compressed natural gas. The fuel that comes from local gas fields powers many of Bangladesh's vehicles.

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Raw material scarcity forces closure of 100 re-rolling mills

KAWSAR KHAN

The high price and scarcity of raw materials have forced around 100 of the country's steel re-rolling mills to close in the past two years, with the loss of tens of thousands of jobs, according to industry leaders.

The crisis has been caused by increased global demand for scrap metal and the decline in the country's ship breaking business, one of the key suppliers of scrap to the local mills.

Steel re-rolling mills produce mild steel rod used mainly in the construction industry to reinforce concrete.

"The sector doesn't get an adequate supply of raw materials from ship breaking industry so we have to keep our factories closed. Even if we sometimes get raw materials, the local price is exorbitant," Masudul Haque Masud, general secretary of Bangladesh Re-Rolling Mills Association, said.

The price of ship scrap has doubled in the past two years to around Tk 50,500 per tonne in the local market.

Although the price of ship scrap can be higher than the imported one, the mill owners prefer to collect local scrap as it takes around three months to import scrap.

"The prices of breakable ships are rising and the ship breakers take advantage of the situation and hoard scrap to sell it later for excessive profit,"

Masud said.

According to the Bangladesh Ship Breakers' Association (BSBA), only 3.70 tonnes of old ships were broken a 8 months of the current fiscal (2007-08), whereas 10.50 tonnes were broken in the 2005-06 fiscal.

"In the past we used to break between 10-12 ships per month, but we broke more or less 5-6 ships in the last three months due to unavailability of ships and sharp rise in the prices of ships in the international market," a leader of the sector said.

Now the price of per tonne of old ship is \$750 in the international market, but it was not more than \$350 a tonne in 2005-06, he added.

A few days ago Sufi Mizanur Rahman, president of BSBA, told a seminar that the unavailability of breakable ships in the international market was due to China's massive involvement in ship breaking and growing environmental concerns about the industry.

"We can import scrap but it takes around three months to import raw materials, which means a long time investment that many factory owners cannot bear, but it takes only one day to buy scrap from ship breakers," Ali Hossain, president of Bangladesh Re-Rolling Mills Association, said.

He added that L/C margin and high interest rate remains another barrier to importing scrap.



Workers at a steel re-rolling mill in Dhaka. High price and scarcity of raw materials have forced around 100 of the country's steel re-rolling mills to close in the last two years, with the loss of tens of thousands of jobs.

"The duty structure of the government is also very irrational, when the ship breakers have to pay Tk 1,000 flat duty against the import of per tonne of breakable ship, the re-rolling mills have to pay 10 per cent duty against the import of per tonne of scrap and melting scrap," Ali Noor, managing director of Akbar Steel Re-Rolling Mills Ltd, said.

So, when ship breakers have

to pay Tk1,000 a tonne only, re-rolling mill owners have to pay around 4,600 for the same quantity of the same product.

They also blamed the US dollar price for the present bad condition saying that dollars have depreciated all over the world but it appreciated in Bangladesh.

"Due to the price hike of construction materials, the construction work reduced

sharply, almost halving the demand for 40-grade MS rod," said Ali Hossain.

"Now the common trend is that people are not beginning new construction work. Now we are selling MS rod only to those who have initiated their construction work earlier and are now struggling to complete it," he added.

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Philippines, Thailand among most corrupt Asian economies: Survey

Bangladesh, Myanmar not in the survey

AFP, Singapore

The Philippines, Thailand, Indonesia and China are among the most corrupt Asian economies, according to results of a regional poll of expatriate businessmen released Monday.

Singapore and Hong Kong retained their rankings as the

cleanest economies, the Political and Economic Risk Consultancy (PERC) said.

The annual survey covers only 13 economies in Asia and excludes other countries notorious for corruption, such as Myanmar and Bangladesh.

Some 1,400 expatriates were polled in January and February this year, PERC said.

Corruption remains a problem in the region despite huge economic progress made over the years, with governments generally lacking the political will to tackle the problem, the Hong Kong-based PERC said.

"The Philippines is a sad case when it comes to corruption," the consultancy said in a summary report made avail-

able to AFP.

The Philippine situation is "probably no worse than in places like Indonesia and Thailand" but corruption has become politicised and is openly discussed in the media, unlike in authoritarian countries like China and Vietnam, it said.

The Philippines scored 9.0

out of a possible 10 points under a grading system used by PERC under which zero is the best score and 10 the worst.

As in the 2007 survey, Thailand remained the second most corrupt economy after the Philippines with a score of 8.0 after the military, which seized power in a coup in 2006, was seen to have failed to tackle the problem.

"The kingdom's economy has been marking time for two years while it sorts out political problems in which allegations of corruption figure prominently," said PERC.

Indonesia, which ranked behind Thailand with a score of 7.98, has made improvements under President Susilo Bambang Yudhoyono but the perception of the civil service as one prone to graft remains strong, said PERC.

"International ratings agencies might have improved Indonesia's foreign and domestic currency debt ratings recently, citing the government's efforts to tackle corruption... however, the problem is still very serious," said PERC.

Corruption is also perceived to have worsened in Malaysia, which scored 6.37 in the survey, worse than last year's grade of 6.25, but the country retained its number six ranking in the poll.

Malaysian Prime Minister Abdullah Ahmad Badawi's failure to carry out his promise to fight graft was one of the key reasons his ruling coalition suffered its worst ever results during last Saturday's elections, PERC said.

"A promise to fight corruption was the main campaign theme that won (Abdullah) a big increase in voter support in the last national elections (in 2004)," the consultancy said.



Nelson Villamor (back) with his family rest on their cart along a street in Manila yesterday. Nelson earns 50 pesos (US\$1.22) per day by scavenging discarded bottles, old newspapers and scrap iron. Soaring oil prices and the rising cost of living have driven nearly four million people in the Philippines back into poverty, officials said. The number of Filipinos living on one dollar a day rose from 23.8 million in 2003 to 27.6 million in 2006. The country tops the most corrupt Asian economies, according to results of a regional poll released yesterday.

RUPALI BANK SHARES

DSE, SEC to decide on resuming trade

STAR BUSINESS REPORT

The Dhaka bourse and the market regulator will sit today to take decision on resumption of trading of Rupali Bank shares, as the privatisation process of the state-run bank has been cancelled.

Trading of the bank shares remained suspended both in the public and spot markets on Dhaka and Chittagong bourses since November last year to stop unusual price fluctuations.

"As we suspended the share trading in consultation with the Securities and Exchange Commission (SEC), we will go to the commission tomorrow [today] to discuss the issue," said Salahuddin Ahmed Khan, chief executive officer of Dhaka Stock Exchange (DSE).

The DSE authority in November last year announced Rupali Bank share trading suspension.

The government yesterday cancelled the sell-off procedures, as Prince Bandar Bin Mohammed Bin Abdulrahman Al-Saud, who won the bid to buy Rupali Bank, failed to deposit the money on time in line with the bidding provisions.

However, SEC Chairman Faruq Ahmad Siddiqi said the commission will recommend to the stock exchange authority after getting the government's decision in written.

Market experts however feared that the prices of Rupali Bank may witness a huge correction after the trading resumption.

Before the trading suspension, the share prices of the bank were skyrocketing or nose-diving now and then due to confusing news about the sale of 93.6 percent government stakes in the bank.

Te Saudi prince, who won the bid of 93.6 percent stakes in Rupali Bank at a cost of US\$458, was dilly-dallying for years in finalising the sale and purchase agreement (SPA) with the government.

Govt to ratify int'l treaty to reduce borrowing costs of airlines

STAR BUSINESS REPORT

The government will ratify an international treaty that will cut the cost of international borrowing for the country's airline industry, which is growing 8 percent a year.

"We are going to sign the Cape Town Convention soon. The signing of the convention will help local airlines purchase aircrafts at reduced costs," Mahbub Jamil, special assistant to the Chief Adviser, said yesterday.

Jamil, also chairman of Biman Board of Directors, made the announcement at a press conference on national flag carrier's aircraft purchasing plan. The Biman will purchase eight Boeing aircraft at a cost of \$ 1.265 billion to revive its ailing fleet of 11 aircraft.

The government move industry insiders believe will boost the country's aviation industry that saw three local and four foreign airlines enter the market last year.

The Cape Town Convention and Aircraft Protocol is an international rule that allows global lenders to take control of aircraft in case of default by the debtor from a country that has ratified it.

The added security means the lender is prepared to finance the aircraft purchase at a lower interest rate, meaning the buyer will pay less for the plane.

To ratify the convention, the government had earlier formed a committee with the representatives from Biman and private airlines. The committee is expected to submit its final proposal to the Ministry of Civil Aviation and Tourism this week, a member of the committee said.

"We are about to finish our task. We wish to submit the draft report within a couple of days," said Fakhru Islam, head of the committee.

Experts said unless a country ratifies the convention, international lenders generally impose high interest against the debtor due to the risk associated with lending.

The Cape Town Convention and Aircraft Protocol, which came into force in 2003, reduces the risk to such deals by establishing an international legal framework.

"We are happy that the government has taken the initiative. The ratification will encourage many aircraft leasing company to come to Bangladesh," said Shahab Sattar, managing director of country's largest private carrier GMG Airlines, which is also considering a Boeing proposal to purchase six new aircraft.

The GMG chief, referring to the plan of purchasing aircraft, said it will be easier for the carrier to receive financing from global lenders such as US based EXIM Bank to purchase new aircraft following the ratification.

Imran Asif, an aviation industry consultant, said the ratification will help local airlines get aircraft at lower costs.