Star Business

DHAKA FRIDAY JULY 11, 2008

Stocks

DGEN	▲ 0.44%	2,981.99
CSCX	▼ 0.39%	5,827.94

Asian Markets

MUMBAI	▼ 0.27%	13,926.24
TOKYO	▲ 0.12%	13,067.21
SINGAPORE	▼ 0.55%	2,901.58
SHANGHAI	▼ 1.54%	2,875.45

Currencies

	Buy TK.	Sell TK.
USD	68.10	69.10
EUR	105.59	110.20
GBP	133.30	138.60
JPY	0.63	0.67

SOURCE: STANDARD CHARTERED

Commodities

Gold	▲	$928.70 (per ounce)
Oil	▼	$136.70 (per barrel)

SOURCE: AFP

(Midday London Trade)

More News

Govt mulls mobile banking to encourage remittance
The government is trying to introduce mobile banking system to encourage migrants to send money through banking channels, the central bank governor said yesterday.

Car spare parts maker keen to invest in Ctg
Draxell Mayer, an industrial giant of Germany that manufactures spare parts of luxurious vehicles like BMW and Mercedes Bench, has showed its keen interest to invest in Chittagong.

DBBL okays half yearly unaudited financial report
The Board of Directors of Dutch-Bangla Bank Limited was held at the bank's head office in Dhaka on Wednesday that approved the half-yearly provisional unaudited financial statement-2008.

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FM radio: The latest craze

Today, the radio is a part of our everyday life that just cannot be shunned. The FM radio renaissance has griped us with many radio channels flourishing. However, the path has been rocky. By overcoming several hardships, the industry has finally thrived.

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Contact Us

If you have views on Star Business or news about business in Bangladesh, please email us at business@thedailystar.net

Container transport cost up 100pc in one year on oil price hike

JASIM UDDIN KHAN

Transportation costs for each TEU container by sea between Bangladesh and the US-Europe have shot up over US$ 200, or over100 percent, in the past one year in the wake of soaring oil prices on international markets.

Traders have attributed the additional costs only to bunker adjustment factor (BAF). BAF refers to floating part of sea freight charges that represents additions due to oil prices.

Usually BAF charges are determined by carriers to be applicable for a certain period on a certain trade route.

BAF charges for Bangladesh were fixed at US$ 460 per TEU (twenty equivalent unit container) for the month of August this year against only $ 225 a year ago.

The BAF rate for per TEU container was $180 in January 2007 and the rate jumped to $ 335 in January 2008, according to the IBPCC (India Bangladesh Pakistan Ceylon Conference), which sets BAF for South Asian region.

On Wednesday on New York's main oil contract, light sweet crude for August delivery, won 1.60 dollars to 137.64 dollars, while London's Brent North Sea oil for August delivery jumped 1.88 dollars to 138.30 dollars a barrel in electronic deals, according to wire services.

In January this year, oil price was $99.62 a barrel.

The high BAF cost is taking toll on competitiveness of Bangladesh's exports, which include garment, shrimp and leather goods.

"Our garment industry with lower profit margins is suffering from high BAF charges," said Abdus Salam Murshedy, managing director of Envoy Group.

Ahsanul Alam, managing director of a shrimp exporting company, said buyers in the US are not ready to share the additional costs since contracts were signed a year ago on a cost, insurance, freight (CIF) basis, meaning all costs will be paid by the shipper.

"Some companies have freight on board (FOB) contracts for exports, which will not be affected," he added.

"We have to cut production cost and make some compromises in packaging. Some long-time buyers, however, are willing to share a small portion of the increased costs," said Anisur Rahman Milon, managing director of Milon Footwear Limited.

However, ocean freight rate, excluding BAF charges, did not increase much compared to BAF rates. The rate for the US is now $1,900 against $1730 a year ago, while the rate for Europe is $1,650 against $1520 a year ago.

Container handling at Bangladesh's main Chittagong Port rose by nearly 15 percent in the first five months of 2008, port officials said.

The port handled 435,157 TEUs from January to May, against 378,632 TEUs in the same period in 2007, they said.

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Containers are handled in Chittagong Port, the country's main seaport. Transport costs for each TEU container between Bangladesh and the US-Europe have shot up over100 percent in the past one year due to oil price hike.

Imports up 27pc in '08 fiscal

STAR BUSINESS REPORT

Soaring prices of essentials, industrial raw materials and petroleum products in the international market pushed Bangladesh's imports to US$ 20 billion, a 27 percent up in fiscal year 2007-08 from that of 2006-07.

According to Bangladesh Bank (BB) statistics, import letter of credits (LC) worth $20.21 billion were settled as of June 30 this year, against $15.97 billion the previous fiscal year.

Two devastating floods followed by cyclone Sidr that hit Bangladesh in November last year further contributed to the high import of essential items, especially food grains, BB data shows.

Bangladesh mainly imported eight essentials, including rice, edible oil, wheat and fertilisers worth $4.04 billion in FY 2007-08, a 91 percent up from that of the previous fiscal year.

Market operators said the private sector importers have been settling the LCs for importing essential commodities ahead of the Ramadan as the demand for such commodities go high during the fasting month for the Muslims.

Of these essentials, rice import rose by 417 percent to $860 million from only $166 million last year. The total rice import stood at 22.5 lakh tonnes in FY 2007-08 from only 7.14 lakh tonnes a year ago. Bangladesh's rice import bill from India soared to $730 million in the July-March period, up from only $170 million in FY 2006-07.

Wheat import increased by 36 percent to $556 million from $409 million in FY 2006-07. Edible oil import was $989 million in FY 2007-08, rising from $565 million the previous year.

Although the prices of wheat and edible oil imports in FY 2007-08 increased by 36 percent and 75 percent respectively, the quantity for both items was less than that of the previous year.

The BB data also show that LC worth $7.39 million was settled for importing Masur Dal (lentil) against the opening of LC worth $8.90 million in the month of June in the immediate past fiscal year.

Sources in the central bank also said LC worth $6.75 million was settled for importing gram.

LC worth $8.75 million was settled for importing onion in the month of June.

Petroleum products import stood at around $3 billion in FY 2007-08, according to the energy ministry sources.

Meanwhile, India is expected to surpass China in terms of imports made by Bangladesh. During the first nine months (July 2007-March 2008), imports from India totalled $2.45 billion, surpassing $2.29 billion from China.

The main items that were imported from China were textiles, machinery and chemical products, while the key items imported from India are food, textiles and machinery.

Soft drinks market recovering

Local soft drinks market shows a sign of recovery as manufacturers said they posted higher sales in the first half of 2008.

SOHEL PARVEZ

Domestic soft drinks market shows a sign of recovery as manufacturers said they posted higher sales in the first half of 2008 due mainly to a hot summer and late arrival of monsoon rain.

Industry people also attributed the recovery to relatively stable price level of soft drinks restoration of confidence among distribution channels as many retailers and distributors got panicked during the government's drive against illegal roadside outlets.

"We have had excellent sales. The market is recovering due to rise in demand," said Arif Hossain, market development manager of leading Transcom Beverage, the franchisee of Pepsico International.

The official of Transcom, whose 7up brand controls clear drink segment of the market, said the company recorded about 20 percent growth in the January-June period of 2008.

Overall sales of the company increased by about 15 percent during the 2007-08 fiscal year, he said.

The country's soft drinks market, according to insiders, started to pick up since 2003 and hit a record high of over Tk 1000 crore in 2005-06 fiscal year.

But the market dropped the following year partly because of political uncertainty, slow down in investment and crackdown on illegal roadside outlets.

The soft drinks supply chain is now recovering, said an official of Abdul Monem Ltd, one of the two bottlers of Coca-Cola, the leading brand among cola category drinks.

The soft drinks market, comprising categories such as cola, clear, cloudy lemon and orange, reached about Tk 900 crore in the fiscal year 2007-08 from Tk 800 crore a year ago, said an official of Akij Food and Beverage Ltd (AFBL).

AFBL's flagship brand Mojo secured a major portion of the cola drink segment after it launched the brand in April 2006, the official said, adding that his company's soft drink sales recorded about 22 percent growth in 2007-08 fiscal year.

"Stable price and late arrival of monsoon has helped the market recover," said the official of AFBL.

The official said the rising price of the raw materials such as petrochemical affects the overall business.

The market has not recovered much, said Md Akhtaruzzaman, marketing manager of RC brand marketer Partex Beverage, whose RC lemon leads the market in cloudy lemon segment.

He claimed that his company secured about 15 percent growth in sales in January-June period of 2008.

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Normal trading on DSE as computer bugs cleaned

STAR BUSINESS REPORT

Trading took place on the Dhaka Stock Exchange (DSE) for the whole day yesterday after more than 120 brokerage houses' virus infected computers were cleaned.

On Wednesday massive virus attacks on the brokerage houses' server systems forced the DSE to suspend stock trading for almost the whole day.

The market however faced a disruption for about five minutes. But the disruption was due to technical glitch on the DSE's main server.

At around 1pm, the trading server was shut down and remained suspended for around five minutes before the system was restored.

Meanwhile, the IT teams were also working till yesterday to get back some Trader Work Stations (TWSs) in order, which faced shut down following Wednesday's virus attacks.

According to sources, some 150 TWSs out of around 1100 TWSs could not be restored by Wednesday night.

However, all the Member Server Applications (MSA) were restored.

"Today's [yesterday's] trading started on due time as all the brokerage houses logged in with the bourse's main server," said DSE Chief Executive Officer Salahuddin Ahmed Khan.

Meanwhile, price indices on the premier bourse rose yesterday with the DSE General Index increasing by 13.07 points, or 0.44 percent, to 2981.99 points.

The DSE All Share Price Index also rose by 13.39 points, or 0.52 percent, to 2569.34 points.

100 DAYS JOB SCHEME

Finance adviser rules out escalation of rural inflation

STAR BUSINESS REPORT

The finance adviser yesterday ruled out the possibility of escalation of rural inflation on implementation of the government's 100 days of employment generation scheme.

"I don't think that the programme will increase localised inflation since in the reasonably small country the foods and goods can be transported easily and shortly in case of demand," Dr AB Mirza Azizul Islam told a policy workshop in Dhaka.

Except perishable goods across the country the costs of products are the same if the transportation cost is considered, he further said, replying to remarks by some discussants at the workshop that employment generation in rural areas without having any increase in the productivity might increase consumption, resulting in inflation.

At the workshop styled ' 100 Days of Employment Generation: Implementation Opportunities and Challenges', organised by the Power and Participation Research Centre (PPRC), speakers pointed to the Indian experience in such a programme that caused rural inflation.

The government in the new fiscal undertook the programme worth Tk 2,000 crore aiming to create employment for some 2 million workers with daily remuneration of Tk 100 per person.

In the World Bank supported workshop the finance adviser said the main aim of the project is to alleviate poverty, adding that it would not affect the normal labour market of rural areas.

Across the country the average daily labour cost is between Tk 120 to Tk 150 and the daily wage under the programme was deliberately fixed at Tk 100 a day so that people don't join the programme if there is another source of job in rural areas, the adviser said.

Speaking at the function, Commerce Adviser Hossain Zillur Rahman hinged geographical targeting and micro mapping on the success of the programme.

" In Nilphamari district there are 44 unions, 37 of which are comparatively well off and another seven unions are very vulnerable for some reasons including flash flood. So we should have to consider the local dynamics before implementing the programme," said Zillur.

Deputy Managing Director of Grameen Bank Dipal C Barua stressed setting up priority, training of workers, monitoring and evaluation for the success of the scheme.

Underlining the need for the involvement of local government with the initiative, he also suggested trying different models in different areas for the success of the programme.

Atiur Rahman, chairperson of Unnayan Samannay, urged the government to prioritise the haors, chars, and coastal belt and draught and seasonal poverty- prone areas in implementing the project so that most of the poor people can reap benefit from it.

Quazi Mesbahuddin Ahmed, managing director of Palli Karma-Sahayak Foundation (PKSF), also spoke on the occasion.

China, India rise, US slips in Fortune rankings

AFP, *Washington*

The number of US firms among the Fortune 500 list of top global companies slipped to the lowest level in over a decade while Chinese, Indian and Mexican firms gained, the magazine reported Wednesday.

The business publication said that US-based Wal-Mart Stores remained at the top of the list of the world's biggest companies by revenue at some 378 billion dollars.

But the number of US firms in the top 500 fell to 153, the lowest in over a decade.

Number two on the list was US oil giant ExxonMobil with 372 billion dollars in revenue, followed by Royal Dutch Shell (355 billion); British-based BP (291 billion); Japan's Toyota Motor (230 billion); US oil firm Chevron (210 billion); Dutch bank ING Group (201 billion); French-based oil giant Total (187 billion); US automaker General Motors (182 billion); and US oil firm ConocoPhillips (178 billion).

Overall, revenues for the Global 500 companies were 23.6 trillion dollars, up 13 percent, and profits were up 3.9 percent to 1.6 trillion dollars.

The US still had the most companies on the list, but a falling dollar became an advantage to non-US based companies, Fortune said. Japan had 64 firms and France had 39 to edge out Germany with 37 and Britain's 34.

But China had an unprecedented total of 29 companies on the list -- as many as Italy, Spain, and Australia combined. The top Chinese firm was Sinopec with 159 billion dollars in revenues.