

Stocks

DGEN ▼ 2.26%
2,618.07

CSCX ▼ 2.02%
5,296.72

Asian Markets

MUMBAI ▼ 2.33%
6,695.53

TOKYO ▲ 5.22%
8,323.93

SINGAPORE ▲ 2.03%
1,653.25

SHANGHAI ▼ 0.44%
1,888.72

Currencies

Buy Tk Sell Tk
USD 68.35 69.35

EUR 86.67 90.72

GBP 101.41 106.42

JPY 0.70 0.74

SOURCE: STANDARD CHARTERED BANK

Commodities

Gold ▲ \$822.50
(per ounce)

Oil ▼ \$51.80
(per barrel)

SOURCE: AFP

(Midday London Trade)

More News

Events bring students jobs



An executive-looking young man in crisp black and white uniform welcomes a visitor to a stall. The look is unbeatable, as sharp as the brand he is representing. The visitor seemed drawn to the counter by Ashikuzzaman Chowdhury, a BBA student of Stamford University.

B-4

BTRC to discipline rogue ISPs

Bangladesh Telecommunication Regulatory Commission (BTRC) has drafted guidelines for licensing the unauthorised small internet service providers (ISPs) at minimal fees.

B-3

International

BHP Billiton drops Rio Tinto takeover bid

The world's biggest miner BHP Billiton announced Tuesday it was dropping its controversial hostile takeover bid for rival Rio Tinto due to the state of the global economy.

Airbus may cut production if crisis worsens

The boss of European aircraft manufacturer Airbus says he has not ruled out a cut in production if the economic crisis worsens, while promising to back clients facing difficulties financing the purchase of planes.

B-4

Contact Us

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

Germany eyes broader business in Bangladesh

SAJJADUR RAHMAN

Germany targets Bangladesh as a lucrative investment destination considering the latter's steady economic growth for the past several years despite political instability.

As part of the move, a German trade delegation will visit Bangladesh in April next year to explore trade and investment possibilities in areas like light engineering, renewable energy, ICT and jute and other agro products, a senior German diplomat said.

"Bangladesh with a population of more than 150 million is a big market. The economy is growing steadily," Rolf Dieter Reinhard, deputy head of mission and counsellor of economic affairs and press at the German Embassy in Dhaka, told The Daily Star.

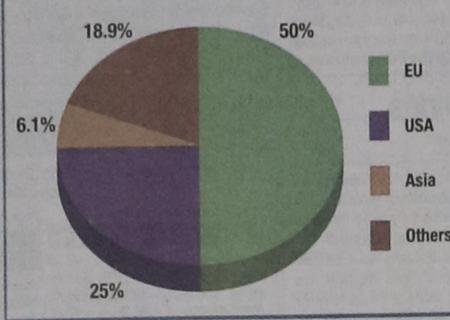
Bangladesh's economy witnessed a 6 percent growth for the last three fiscal years. The economy is poised to grow between 6.2 percent and 6.5 percent also this year.

He said an increase in purchasing capacity and a huge and dedicated workforce would help Bangladesh attract Germany's investment. But, he sees congenial climate with political stability and improved infrastructure as an important prerequisite to investment.

Data show that around 41 percent of the German enterprises now make investments overseas, which was 30 percent ten years back.

However, German investment in Bangladesh

German investment in other countries



has so far been only 50 million euros, mainly in the textile sector. But the trade between the two countries is growing and the figure reached about 1.5 billion euros in the fiscal year 2007-08.

Now the biggest economy in Europe is seriously considering a big investment here to reduce the bilateral trade gap cashing in on the cheap workforce and rising economic activities.

"We hope that this interest of investment will turn into a reality," German Ambassador Frank Meyke told a recent meeting of the Foreign Investors' Chamber of Commerce and Industry (Ficci) in Dhaka.

Rolf Reinhard said: "I think the workforce is one of the biggest assets in Bangladesh."

On poor German investment in Bangladesh, he said, "As long as Bangladesh is widely perceived as a country afflicted with confrontational politics, hartals and politically motivated violence, potential investors will shy away."

"Constructive parliamentary work, renouncing and banning hartals, curbing corruption, structural reforms and achievements of the caretaker government could send a positive signal to German investors," Frank Meyke said.

FACT BOX

- Germany is the biggest economy in Europe
- Exports account for more than a third of Germany's GDP
- One in three euros earned by Germany comes from abroad
- Every fifth job in Germany depends on German products and services selling on global markets

New indicators to weigh budget implementation

STAFF CORRESPONDENT

The government is set to introduce key performance indicators (KPIs) to monitor work of ministries on a quarterly basis to speed up implementation of the objectives laid out in the budget.

The indicators will be introduced to 16 ministries initially as part of the Medium-Term Budget Framework (MTBF).

Finance and Planning Adviser AB Mirza Azizul Islam inaugurated a workshop on KPIs for the officials of the ministries at Bangladesh-China Friendship Conference Centre yesterday.

KPIs have important roles in helping ensure that public resources are utilised "efficiently and effectively", the finance ministry says in its brochure on KPIs.

The KPIs are being introduced under the Financial Management Reform Programme (FMRP) of the Finance Division, supported by DFID and the Embassy of the Netherlands.

KPIs will focus on the outputs and outcomes in line with inputs and each KPI will have a target.

Fritz Meijnderg, head of Development Cooperation of the Embassy of the Netherlands, said the reform project had been taken up to increase transparency and accountability in implementing budget objectives.

The government must be accountable to taxpayers, not to donors, he said.

Finance Secretary Dr Mohammad Tareque, who attended the workshop, said every ministry would have to intensify internal audits for better implementation of projects.

On a different note, Mirza Aziz said although commodity prices on the international market fell, the government's expenditure would not come down as the government was building up a stock by procuring food grains at higher prices from the local market.

On the other hand, the government spending on the social safety net has increased, the adviser said.

The fall in world commodity prices will result in a decrease in income from import duty, the adviser said.

The adviser stressed the need for paying attention to earnings from tax and VAT.

OECD makes gloomy forecasts for rich world

AFP, Paris

The rich world is plunging into the worst economic downturn in decades, the OECD forecast on Tuesday, as governments scrambled to prepare their nations for soaring unemployment and recession.

Eight million people will be out of work next year, the Organisation for Economic Co-operation and Development warned in a report quantifying the impact of the global financial crisis on 30 countries over the next two years.

House prices will continue to fall in many countries and there is a risk the financial crisis has further to run, with fragile banks exposed to new bad debts.

Many leading industrialised nations face their worst downturn for 25 years, it said in its twice-yearly Economic Outlook report, forecasting that the United States, European and Japanese economies would shrink next year.

"Many OECD economies are in or on the verge of a protracted recession of a magnitude not experienced since the early 1980s," said the OECD's chief economist, Klaus Schmidt-Hebbel, in the report.

Stock markets have been calmed by the rescue of US banking giant Citigroup and steps by governments to spur economic growth, which were followed by tough talk from US president-elect Barack Obama who vowed major stimulus measures.

But the OECD report sketched out in stark figures the range of the economic fallout from what started as a US banking crisis, then spread to the shopfloors Europe while clipping the wings of emerging economies.

"Jobless numbers could rise to 42 million by 2010 from 34 million currently," the OECD said, forecasting the jobless rate to rise from 5.5 percent in early 2008 to 7.25 percent in 2010.

"Historical experience suggests that youth, immigrants, low-skilled and older workers are more likely to bear the brunt of rising unemployment."

The OECD is a Paris-based government-funded economics institute, whose member countries account for 60 percent of the world's economy.

Tuesday's figures covered the 30-country OECD area which includes North America, most of Europe, and leading emerging and newly industrialised economies including Brazil, China, India and Russia.

Several countries have rolled out stimulus packages for their economies in recent weeks. Britain became the latest on Monday with a 20-billion-pound (30 billion dollar) package of tax cuts.

The OECD backed the idea of stimulus plans by governments to attenuate the effects of the financial crisis, but also highlighted the impact of debt and stressed that tax and spending plans had to be reversed when growth returned.

The long-term fiscal outlook in the United States appears "very unfavourable" and the country is on course to be "among the most heavily indebted of OECD countries" in the next decade, it said.

Obama is said by US news media to be planning a stimulus plan worth up to 700 billion dollars when he takes office in January. He has announced a plan to create 2.5 million jobs through a spending spree on national infrastructure.

"The economic crisis we face is no longer just an American crisis, it is a global crisis -- and we will need to reach out to countries around the world to craft a global response," Obama told reporters on Monday.

He confirmed the New York Federal Reserve president and former Treasury official Timothy Geithner as his nominee for Treasury secretary, and the former Treasury boss Larry Summers as his top economic adviser in the White House.

In Britain, Chancellor of the Exchequer Alistair Darling, who forecast a sharp economic contraction in 2009, launched his tax and spending plan on Monday, sparking a 9.84 percent leap in the London stock market.

The US government's move to guarantee hundreds of billions of dollars of Citigroup's debt also sent stock prices rocketing. Europe's main markets each soared by around 10 percent on Monday, and saw further gains early on Tuesday.



OECD chief economist Klaus Schmidt-Hebbel gestures during a press conference in Paris yesterday.

Stocks skid on low investor spirits

STAR BUSINESS REPORT

Dhaka stocks slumped yesterday for a second day, driven mainly by a persistent lack of confidence among investors.

A mix of reasons, including the national election, hajj, Eid-ul-Azha and book closures of most financial institutions by the year-end dampened investor spirits, according to market insiders.

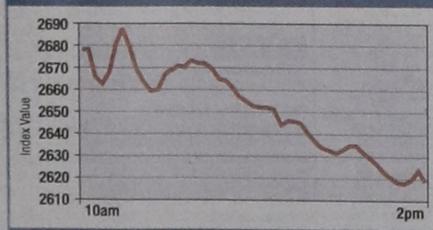
Most retail investors are worried about the upcoming election and political situation. The investors found themselves in a wait-and-see mode, leading to a massive decrease in turnover, analysts said.

"The market is still facing the problem of waning confidence," said Yawer Sayeed, managing director of AIMS of Bangladesh.

The polls issue was not a major setback to market confidence but one of the factors in the bearish trend, he said. The scarcity of new funds was part of the reason for low turnover.

The benchmark index of Dhaka Stock Index, DSE General Index, went down 60.6 points, or 2.26 percent, to 2618.07 points. The DSE All Share Price Index also

DSE General Index



plunged 48.05 points, or 2.17 percent, to 2165.22 points.

Most securities traded down on the premier bourse. Of the 235 traded scrips, 30 advanced, 197 declined and eight remained unchanged.

A total of 1,12,77,144 shares worth Tk 170.44 crore changed hands on the DSE. Total market capitalisation stood at Tk 96,954.74 crore.

Uttara Bank topped the turnover leaders with 62,220 traded shares worth Tk 19.77 crore. The day's other turnover leaders were Beximco Pharma, Beximco, Titas Gas, National Bank, Dutch Bangla Bank, Square Pharma, ACI, BRAC Bank and AB Bank. Chittagong stocks also

Pakistan gets \$7.6b from IMF

AFP, Washington

The International Monetary Fund said Monday its executive board had approved a credit of 7.6 billion dollars for Pakistan, the Fund's first rescue in Asia since the global financial crisis began.

The 23-month credit line will "support the country's economic stabilization program," the IMF said in a statement.

On full approval by the IMF board, about 3.1 billion dollars would be immediately available to Pakistan and the remainder would be allocated after quarterly reviews.

The objective, the fund said, was first to "restore macroeconomic stability and confidence through a tightening of macroeconomic policies."

Acknowledging the plight of a country wracked by violent extremism along with an economic downturn, the IMF said the credit was also to "ensure social stability and adequate support for the poor and vulnerable in Pakistan."

IMF Acting Chairman Takatoshi Kato said that global economic turmoil, higher prices for oil and food imports, and a worsening internal security situation meant Pakistan has suffered from "a large increase in the fiscal deficit prices ... rising inflation and a sharp decline in international reserves."

Textile industry fears hit from EU's possible change in GSP

STAR BUSINESS REPORT

Bangladesh's textile industry apprehends an economic shock on a European Union move to change the rules of origin (RoO) by the year 2010 that favours a single-stage transformation with regard to garment manufacture.

The existing two-stage transformation allows the local garment makers to purchase fabrics from the native country, but, under the possible one-stage transformation they can buy fabrics from anywhere of the world to receive the generalised system of preferences (GSP) facility in EU countries.

"We feel that any changes in the existing GSP Scheme would surely discourage the use of local fabrics and yarn, and thus pose a threat to an investment of around US\$4 billion in the Primary Textile Sector (PTS)," feared Abdul Hai Sarker, president of the Bangladesh Textile Mills Association (BTMA), yesterday.

Sarker said he received recently a letter from the EU Dhaka office where it mentioned about its decision on simplification of the RoO criteria for duty- and quota-free imports of products manufactured in the least developed countries (LDCs) from 2010.

The BTMA chief said, "Nobody will not feel encouraged to make fresh investment in the PTS as they will not get any privilege from the new RoO system."

He also expressed his concern that the

investment made in the PTS will be in jeopardy leading to closure of mills, which will also result in retrenchment of workers affecting badly the poverty alleviation programme of the government.

However, the EU expects the proposed 'rules of origin' criteria to lower Bangladesh's value addition threshold to 30 percent.

The EU also thinks the new simplification move will help gain more access of LDCs' products free of duty, promoting industrialisation of countries concerned.

This will also enhance exports of goods manufactured in Bangladesh and other LDCs would have easier access to EU once the proposed changes are in force, according to the EU.

Meanwhile, in view of the two-stage transformation process in the existing GSP scheme of EU, the local textile industry has made huge investment taking advantage of the preferential market access.

Abdul Hai Sarker said the proposed new scheme will encourage India and Pakistan to export their finished goods to Europe.

At the same time they will be able to sell their inputs, mainly fabrics, to Bangladesh for export to Europe under the Saarc Regional Cumulation, he added.

"We apprehend that a threshold lower than the optimal would be counterproductive for LDCs like Bangladesh and a boon for textile exporting developing countries," Sarker said.