Star Business

DHAKA FRIDAY SEPTEMBER 17, 2010

Stocks

DGEN	▲ 0.06%	6,797.46
CSCX	▼ 0.01%	12,902.09

IDLC Index

IDLC 50	▼ 0.47%	6,863.05

Subject to Conditions contained in www.idlc.com

Asian Markets

MUMBAI	▼ 0.43%	19,417.49
TOKYO	▼ 0.07%	9,509.50
SINGAPORE	▼ 0.13%	3,067.11
SHANGHAI	▼ 1.89%	2,602.46

Currencies

	Buy Tk	Sell Tk
USD	68.93	69.93
EUR	87.82	92.27
GBP	105.90	110.61
JPY	0.79	0.85

SOURCE: STANDARD CHARTERED BANK

Commodities

Gold	▼	$1,267.00 (per ounce)
Oil	▼	$75.09 (per barrel)

SOURCE: AFP (Midday Trade)

Nation fails to climb global business list

BANGLADESH'S RANKINGS IN INDIVIDUAL INDICATORS

	2009 OUT OF 133 NATIONS	2010 OUT OF 139 NATIONS
Institutions	122	115
Infrastructure	126	133
Macroeconomic stability	84	80
Health and primary education	105	106
Higher education and training	129	126
Goods market efficiency	102	102
Labour market efficiency	122	108
Financial market sophistication	71	66
Technological readiness	125	126
Market size	48	47
Business sophistication	100	105
Innovation	122	119

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Mustafizur Rahman, *second from right*, executive director of Centre for Policy Dialogue (CPD), speaks at the launch of the Global Competitiveness Report 2010-11 in Dhaka yesterday. Fahmida Khatun, *second from left*, additional director of CPD, and Khondaker Golam Moazzem, *extreme right*, senior research fellow of the think-tank, are also seen.

STAR BUSINESS REPORT

Bangladesh's global competitiveness is stagnating compared with competing countries due to its ailing infrastructure, shows the Global Competitiveness Report 2010-11, released yesterday.

Bangladesh scored the lowest in infrastructure among the 12 indicators by which the rankings are calculated -- the sixth-worst worldwide.

"Entrepreneurs are uncertain whether the government will be able to implement infrastructure projects on time or not," said Prof Mustafizur Rahman, executive director of Centre for Policy Dialogue (CPD), unveiling the report locally. "We have seen a kind of frustration in the opinion survey."

Bangladesh also slipped one position to 107th this year in the overall ranking out of 139 nations surveyed. Bangladesh's competitors, such as Vietnam and Indonesia, ranked 59th and 44th, up from 75th and 54th respectively in the previous report.

South Asian countries except Sri Lanka dropped in this year's rankings compared with the report a year ago. Switzerland topped the overall ranking. The United States fell two places to fourth position, overtaken by Sweden (2nd) and Singapore (3rd).

The rankings are calculated from both publicly available data and the Executive Opinion Survey, a comprehensive annual survey conducted by the World Economic Forum together with its network of partner institutes in the countries covered by the report. CPD has been the WEF's partner organisation in Bangladesh since 2001.

Ninety enterprises with asset of at least Tk 10 crore were surveyed to rank 12 indicators that drive competitiveness: institutions, infrastructure, macroeconomic environment, health and primary education, higher education and training, goods market efficiency, labour market efficiency, financial market development, technological readiness, market size, business sophistication and innovation.

Bangladesh's score improved to 3.64 from 3.55 a year ago -- a relatively modest increase that failed to move the country up in rank.

The main stumbling block was deteriorating infrastructure, said the report. The country was 133rd in infrastructure this year, down from 126th place last year and 122nd the prior year.

Improvements were made in health and primary education, macroeconomic stability, innovation and sophistication, labour market efficiency, higher education and training and institutions.

"The national transport network is perceived to be somewhat inefficient and inaccessible,, and the quality of roads has further deteriorated," said Rahman, quoting the report. "Also, the air transport network has to be improved."

But the electricity supplies remain a concern, according to the report. Electricity is the single element in entire survey where perception remained at 'worst' level, it said.

"Government initiatives are perceived to be inadequate."

Rahman said: "We must clear the infrastructure deficits if Bangladesh is to compete with other nations."

"Bangladesh is perhaps entrapped into low level of competitiveness. Marginal improvements with respect to various aspects of competitiveness will not be adequate to enable Bangladesh economy to compete on equal footing at the global level."

According to the latest Global Competitiveness Report, China continued to lead the way among large developing economies, improving by two places this year and joining the top 30. India dropped two places and is now at 51, and Sri Lanka jumped 17 places to 62.

The report was launched globally on September 9, but it was delayed in Bangladesh due to Eid holidays.

Khondaker Golam Moazzem presented the outcome of the report. Simultaneously, the CPD launched its study on Competitive Business Environment in Bangladesh in 2009. Dr Fahmida Khatun, additional director of CPD, was present.

SEC to probe Fine Foods' price spike

STAR BUSINESS REPORT

The premier bourse did not find any irregularities in a price hike in Fine Foods shares. The stockmarket regulator will now investigate the issue.

The Securities and Exchange Commission (SEC) formed a two-member committee to probe the unusual rise in the prices of Fine Foods, an official said yesterday.

The market watchdog also asked the probe body, led by SEC Director Mir Mosharraf Hossain, to submit the investigation report to the commission by October 31. Mohammed Fakhrul Islam Mazumder, deputy director of SEC, is also on the committee.

An SEC official said the Dhaka Stock Exchange (DSE) investigated the Fine Foods issue to see if rules were violated, and found no major irregularities.

The commission realised that it should investigate the matter by itself to see whether any rules were violated, the official said.

Last month, the DSE investigated Fine Foods' price spike following instructions from the market regulator.

The company's shares rose on the trading floor yesterday too. Each Fine Foods share traded between Tk 102.60 and Tk 115, before closing at Tk 110.30 on the DSE.

Fine Foods was listed on the DSE in 2004 under the foods and allied segment.

Dhaka stocks however closed nearly flat on choppy trading. The benchmark index, DSE General Index, rose just 4 points, or 0.06 percent, to stand at 6,797.

Losers beat advancers 146 to 99, with six securities unchanged. The prime bourse traded more than 7.33 crore shares and mutual fund units with a total value of Tk 1,340 crore.

Prime Finance was yesterday's leader with 31.28 lakh shares being traded worth Tk 122.91 crore.

Chittagong stocks also closed flat, with the CSE Selective Categories Index declining by only 2 points, or 0.01 percent, to 12,902.

CPA to cut turnaround time

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The Chittagong Port Authority (CPA) has moved to find ways to reduce ships' stay time at the port from the existing average of 6.3 days to 48 hours and stop pilferage of goods from the protected areas, officials said.

Headed by Chairman Commodore RU Ahmed, the CPA asked all the stakeholders to work round the clock to improve the situation as early as possible.

"We directed workers, crane operators, port officials, customs agents and clearing and forwarding agents to fine-tune their activities so that they can achieve the set target within the next two months," a port high official said.

The Prime Minister's Office on Wednesday directed the CPA to improve the turnaround time at the port at any cost. The turnaround time, a port-efficiency index, begins from the time a vessel arrives at Chittagong Port till it sails out after discharging imported goods and loading exports.

A meeting chaired by Prime Minister's Principal Secretary Abdul Karim discussed using a tendering process to engage terminal operators at New Mooring Container Terminal (NCT) and container handling operators at Chittagong Container Terminal (CCT). They also decided to form a port advisory committee, procure handling equipment to cut average stay time of vessels, and install more close circuit television (CCTV) cameras to check the pilferage of goods from restricted areas.

The ships' stay time at the premier port increased sharply to 6.41 days, the highest in the last four years, affecting Bangladesh's external trade largely.

The stay time was 4.93 days in July and 4.5 days in June, according to Chittagong Port statistics.

Port users said this high stay time of ships is similar to the situation that prevailed before the 1/11 changeover in 2007.

CPA is to float a pre-qualification tender with necessary amendments to appoint operators at NCT within seven days, as per the outcomes of the meeting.

The meeting also decided to activate the port advisory committee comprising of shipping and CPA officials and port users, by taking an approval from the shipping ministry within the next seven days, said SM Nurul Haq, director for Chittagong port affairs at the Federation of Bangladesh Chambers of Commerce and Industry.

Yarn price spike rattles RMG

REFAYET ULLAH MIRDHA

Higher cotton prices on the world market have pushed local yarn prices up, putting the country's main export earning readymade garment (RMG) industry under threat, industry insiders said.

The widely consumed 30-count yarn sold at $3.95-$4.10 per kg yesterday, compared with its previous rates of $3.70-$3.75 in mid-July.

A Matin Chowdhury, managing director of Malek Spinning Mills Ltd, one of the major cotton importers and spinners, said yarn prices have gone up in line with cotton prices.

"Garment and fabrics industries are facing troubles for the price spikes," Chowdhury said.

He fears that cotton prices might not decline until the harvest of new crops in major cotton growing countries.

"Demand for cotton on the international market increased a lot over the last few months, but its supply is not increasing, which led to the surge in the price," he said.

Moreover, the crop damage from floods in Pakistan also contributed to the price hike, the boss of the leading spinner pointed out.

Chowdhury said cotton was selling at $1.12 per pound yesterday compared with its previous rates of 80-85 cents in mid-July.

Monjurul Hoq, managing director of Minar Industries, said the higher yarn price eats up profit margin of apparels.

"Previously, the spinners increased the yarn prices in an excuse of production shortfall due to inadequate power and gas supply and now they are increasing the price in the name of cotton scarcity," Hoq said.

He said the procedures of yarn import through Benapole land port are also very complex.

"We'll face more challenges if the upward trend in yarn prices continues," said Hoq, also a director of Bangladesh Knitwear Manufacturers and Exporters Association.

AMRAN HOSSAIN

A worker is pictured at a spinning mill in Gazipur. Apparel makers say costly cotton on the global market has hiked local yarn prices, posing a threat to the readymade garment industry.

Abdul Hai Sarker, president of Bangladesh Textile Mills Association, said the cotton price remained static between 55-60 cents for many years on the international market, but recently the price has gone up abnormally. "As a result, the price of yarn has also gone up in the domestic market," he said.

The garment makers do not want to import yarn through Benapole from India because the price has also soared in that country, Sarker said.

"The fourth largest cotton producing Pakistan is one of Bangladesh's major sources for cotton," he said.

According to an assessment by the United Nations, cotton cultivated on 1.31 million hectares in Pakistan has been destroyed by floods, which may compel the South Asian country to import many agricultural products, including cotton.

Such cotton imports may reach 3.5-4 million bales, newspaper reports suggest.

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Economists oppose stronger taka

Parliamentary body chief suggests appreciation

STAR BUSINESS REPORT

Economists and business leaders yesterday opposed an idea that the taka should be appreciated against the dollar to attract foreign direct investment as mooted by the chairman of the parliamentary standing committee on finance ministry.

AHM Mostafa Kamal, chairman of the committee, proposed that the taka be appreciated both to stop inflation, which is now on an upswing, and to attract foreign investment. He argued that imports get costlier because of the pricey dollar.

However, economists disagreed with him. They said the reason for FDI not coming to Bangladesh is not the weak taka. Infrastructure and other governance problems are more to do with it, people present at the meeting said.

They also said if the FDI is focused on exports then a costly taka will discourage foreign investment.

The economists also pointed out that the costly taka will harm exports. The chairman of the committee then argued that exporters and remitters could be compensated for their losses due to the costly taka.

However, former finance adviser to a caretaker government AB Mirza Azizul Islam, who was also present at the meeting, said Bangladesh has come away from dual exchange rate long ago. He said such incentives given previously were mainly abused in the form of fake exports.

Another economist questioned if appreciation of the taka was necessary then why dollar is being sold at a higher rate in the curb market. The economists also supported the Bangladesh Bank's operation of buying dollar from the market to keep the exchange rate stable.

However, after the meeting at Jatiya Sangsad Bhaban, Kamal told journalists that the committee has asked the central bank to examine the way of strengthening the taka against the dollar step by step.

"The committee thinks appreciation of taka against the dollar will benefit the country's economy," he said.

Kamal said the exporters and the remitters will be affected if the taka is appreciated against the dollar.

"In this backdrop, we have asked Bangladesh Bank to figure out the amount of possible losses of those exporters and others. The committee also asked the central bank to work out the way of distributing compensation to the affected ones," said Kamal, also a ruling Awami League lawmaker.

He said the central bank was asked not to interfere, if the taka appreciated by itself against the dollar.

"No government decreases the value of its own currency against the dollar."

The committee also recommended that 26 public organisations float their shares on the stockmarket.

"A huge money will come once those organisations go public, and the volatility tendency of the market will lessen," Kamal added.