

# Falling taka worries steel makers

UNB, Dhaka  
Steel makers at a meeting with Industries Minister Dilip Barua yesterday voiced grave concerns over the continuous depreciation of the local currency against the dollar.

They told the minister that they incur a loss of Tk 14,000 in manufacturing each tonne of MS (mild-steel) rod while another Tk 2,000 for enhanced electricity tariff.

"The production cost of steel rod is going beyond our affordability," said Sheikh Masudul Alam Masud, president of Bangladesh Auto Re-rolling and Steel Mills Association.

At present, each tonne of 60-grade MS rod is selling at Tk 67,000-68,000 and 40-grade at Tk 60,000-62,000. The steel millers said the price may go up anytime soon.

The meeting took place at a time when the dollar traded at Tk 84 against Tk 70 last year.

The country has about 300 re-rolling and steel mills with an annual production capacity of about 3 million tonnes. Most of these mills depend on imported scrap and imported aban-

doned ships for their raw materials.

After the increase in the US dollar price, the steel manufacturers have to count additional expense on importing raw materials.

Urging immediate steps to address the problems, the steel millers said if the government fails to contain the depreciation of the taka and control power tariff, the increased production cost will finally push up the expense of the contractors who mainly execute the government's annual development programme (ADP).

"If the contractors refrain from executing the ADP on an account of increased cost, the total development works will get stuck up," said Abul Qasem Majumder, secretary general of the association.

The association leaders also referred to some anomalies prevailing in the duty structures of some of their raw materials.

Barua urged the steel manufacturers not to increase the prices of steel products as these are the basic materials for construction.

He also said the government's policy is to reduce duties on raw materials that are used in the import-substitute industries.

# ADB to brief govt next month on demutualisation

STAR BUSINESS REPORT

The Asian Development Bank (ADB) will put forward a set of recommendations on the demutualisation of the stock exchanges to the government by next month to help the government and the bourses take decision on the demutualisation process.

"We are looking at the demutualisation of the Dhaka Stock Exchange and studying the situation. We will be making our recommendations to the government by February this year," ADB Country Director Thevakumar Kandiah told journalists after a meeting with the premier bourse officials at the DSE building yesterday.

It will be up to the government and the DSE to decide on how they will take the recommendations, the ADB country director said.

The ADB is offering technical assistance to help implement the demutualisation.

Kandiah also said the ADB is preparing to release this year a second financial assistance package -- capital market loan programme -- for the development of the stockmarket in Bangladesh.

"We have a team that is preparing the policy actions of the loan progra-

mme," he added.

DSE President Md Shakil Rizvi said the bourse is working with many international agencies including the ADB in making the stock exchange an international standard resourceful entity.

"This is not the first time that the ADB is working with the stock exchanges; it also got involved in the automation process of the premier bourse and the establishment of the Central Depository of Bangladesh Ltd," he said.

The meeting also discussed the technical and other assistances the Dhaka bourse will get from the donor agency, Rizvi added.

Recently, following a regulatory instruction, the DSE submitted a concept paper on its demutualisation process to the finance ministry and the Securities and Exchange Commission.

Demutualisation will transform the bourse from an entity owned by mostly brokerage members into a for-profit company of the shareholders.

The process is expected to ensure sound corporate governance, alternative business models and operational efficiency. A demutualised exchange can freely trade on the market like a public company.



Sahab Uddin Khan, president of Bangladesh Indenting Agent's Association (BIAA), hands the BIAA annual report 2011 to GM Quader, commerce minister, at a meeting in the latter's office in Dhaka recently.

# Slick design conceals shared car bodies at US show

AFP, Detroit, Michigan

The slick design of cars and trucks on display at the Detroit auto show this week camouflages some remarkable similarities under the hoods and seats of vehicles.

Faced with rising costs for raw materials and the need to get new models into showrooms faster, automakers are increasing a drive to build vehicles that share the same basic components and underlying architecture.

"These programs can cost as much as one billion dollars," Bruce Belzowski, associate director of automotive analysis at the University of Michigan Transportation Institute. "By doing more vehicles from the same platform you can save money."

Sharing platforms has been one of the key elements of chief executive officer Sergio Marchionne's effort to combine Chrysler and Fiat.

Marchionne has long foretold the consolidation of the global auto industry, believing that an economy of scale reached by producing at least five million vehicles a year will be necessary for survival.

Sharing platforms also allows manufacturers to drastically reduce the time it takes to design products and bring them to market, said Chrysler design chief Ralph Gilles, one of the Marchionne's chief lieutenants.

Gilles oversaw the design of Chrysler's new Dodge Dart, which is set to debut Monday at the Detroit show and shares a platform with the Alfa Romeo Giulietta.

"We saved two years and a boatload of money," he said during a recent interview with AFP. "The Giulietta is a great platform and very flexible."

While the Dart shares major parts with the Giulietta, it will nonetheless be a completely differ-



AAM Zakaria, managing director of First Security Islami Bank, attends a managers' conference of the bank at Ruposhi Bangla Hotel in Dhaka on Saturday.



Kazi Shahid Ahmed, chairman of Gemcon Group, opens the 13th outlet of Meena Bazar in Uttara recently.

# IMF doubts Greece's ability to fix economy

AFP, Berlin

The International Monetary Fund has growing doubts about Greece's long-term ability to reduce its debts, German news magazine Der Spiegel reported Saturday.

According to an IMF note obtained by the magazine, Greece must accelerate consolidation of public debts or else private creditors will see smaller and smaller returns.

The IMF also envisions greater participation from eurozone countries in saving Greece.

Greece, with a population of just 12 million, is over 350 billion euros (\$448 billion) in debt and facing its fifth straight year of recession.

# Pipe deal with Indian company today

STAR BUSINESS REPORT

The government will sign a deal today with an Indian company for supplying pipes worth Tk 600 crore for the Bibiyana-Dhanua gas pipeline project, officials said yesterday.

Gas Transmission Company Ltd will sign the agreement with Man Industries (India) Ltd, a line pipe maker, at Ruposhi Bangla Hotel in Dhaka.

Finance Minister AMA Muhith, State Minister for Power Muhammad Enamul Huq and the prime minister's energy adviser Tawfiq-e-Elahi Chowdhury will attend the programme.

On November 15 last year, the Executive Committee of the National Economic Council approved the construction of 147-kilometre long gas pipeline from Bibiyana in Habiganj to Dhanua in Gazipur, to supply more gas to the national grid.

With the completion of the project, expected by June 2013, 660 million cubic feet of gas will be added to the national grid a day.

Petrobangla, with the help of its sister organisations, will bear the cost of the project fixed at Tk 1,650 crore, said officials.

About 4.5 kilometres of the pipeline will go through a river and the circumference of the pipeline will be 36 inches, according to the planning ministry.

US oil company Chevron will produce the gas under a production sharing agreement with Petrobangla.

# Stocks finish down

STAR BUSINESS REPORT

Stocks declined for two consecutive days as investors went for selling shares to bag profits yesterday.

The benchmark general index, DGEN, the yardstick of Dhaka Stock Exchange, went down 49.46 points or 0.90 percent, to 5,417.54 points at the close for the day at 3pm.

"The prime index of DSE corrected 0.90 percent due to profit booking from last week's investments," said LankaBangla Securities in its market analysis.

The downward movement of the market did not discourage the investors as retail investors were still actively participating, it said.

The central bank is expected to declare the half yearly monetary policy in the third week of this month.

The market opened with optimism as some large cap and small cap stocks rallied in the first trading session. But the yardstick started to fall in the second session.

Of the 261 issues that changed hands: 97 advanced, 154 declined and 12 remained unchanged.

Turnover on the premier bourse

reduced 9.26 percent from the previous day. A total of 1.58 lakh trades were executed, generating a turnover of Tk 615 crore where 11.20 crore shares were traded.

Most of the major sectors ended the day on a negative note. The insurance sector ended with 0.5 percent gain while the banking sector lost 1.26 percent price.

Other major sectors, including non-bank financial institutions, power and textile ended the day with 0.28 percent, 1.52 percent and 0.1 percent loss respectively.

National Bank topped the turnover leaders with 40.42 lakh shares worth Tk 29.75 crore changed hands.

Beacon Pharmaceuticals was the biggest gainer of the day as it posted a 9.59 percent rise. Meghna Petroleum was the worst loser, slumping by 25.29 percent.

The Chittagong Stock Exchange also declined yesterday. The Selective Categories Index went down 47.35 points or 0.48 percent, to end the day at 9,902.17.

Losers beat gainers 113 to 63 with four securities remaining unchanged on the port city bourse. More than 1.14 crore shares and mutual fund units traded with a value of Tk 57.02 crore.



Muhammad Ali, managing director of Social Islami Bank, attends a training for the auditors of the bank on its centralised core banking solution -- ABABIL -- recently. Md Shafiqur Rahman, deputy managing director, was also present.

# India stocks reform only a partial boost: experts

AFP, Mumbai

The Indian government's decision to allow foreign nationals to invest directly in stock markets is an attempt to revive its reform agenda but any benefits will only be seen long-term, analysts say.

The move to liberalise share-trading was announced on January 1 amid growing concern over India's slowing growth rate and an exodus of overseas capital during 2011.

The ministry of finance in New Delhi said that it hoped the reforms, which are due to come into place by next weekend, would "widen the class of investors, attract more foreign funds and deepen

the Indian capital market".

Until now, foreigners have been allowed to invest in India's stock markets only via mutual funds or through registered institutions.

International investors may find it easy to resist the temptation after India's benchmark Sensex index fell 25 percent last year, making it one of the worst-performing equity markets among major economies.

Overseas funds were net sellers of \$358 million-worth of Indian stocks in 2011. In the previous 12 months, they bought stock worth \$29 billion, according to the Securities and Exchange Board of India, the market regulator.

# Merkel, Sarkozy kick off year of eurozone wrangling

AFP, Berlin

German Chancellor Angela Merkel hosts French President Nicolas Sarkozy Monday, kicking off a week of high-level talks to lay the groundwork for a crunch EU summit on taming the eurozone crisis.

The duo at the heart of European efforts to stem the debt-driven turmoil threatening the single currency will gather in Berlin for their first monthly tete-a-tete in what is certain to be a rocky year.

For while Merkel and Sarkozy had made a show of unity in recent weeks, strategic differences began to emerge over plans to introduce a financial transaction tax in the European Union.

Sarkozy, who is facing an uphill battle for reelection this year, said France would charge ahead and roll out the tax on its own if necessary to set an example for Europe.

"We won't wait for others to agree to put it in place, we'll do it because we believe in it," he said Friday after talks in Paris with Italian Prime Minister Mario Monti, who urged France not to go it alone.

Berlin also resisted Sarkozy's call, saying it was still trying to build the broadest possible consensus for the tax, seen as a revenue generator and a penalty on speculation, in the face of fervent opposition from Britain.

"We would like to see a global financial transaction tax but that is not possible at the present time. The German government would thus aim to introduce the financial transaction tax within the EU,"

# ECB to ring in New Year with rates on hold

AFP, Frankfurt

The European Central Bank, after cutting interest rates for the past two months, is unlikely to do so again this month, analysts say, but additional cuts could still be on the cards later this year.

With a raft of recently surprising positive economic data, notably in Europe's economic powerhouse Germany, the bank at its first meeting of 2012 on Thursday is expected to wait and see how its past moves to prevent a credit crunch and boost the economy in the 17 countries are actually having an effect.

Last month -- on the same day that EU leaders met in Brussels in what was seen as a make-or-break crisis summit -- the ECB brought eurozone borrowing costs back down to their previous historical low of 1.0 percent, effectively reversing this year's two earlier rate hikes.

On top of that, it offered banks in the region an unlimited pool of liquidity by loosening collateral rules, cutting the minimum reserve ratio and launching new three-year loans at super-cheap rates.

"Given the magnitude of these measures, it is highly unlikely that the ECB will embark on additional moves at its upcoming meeting," said