

SHRIMP EXPORT TO EU

Bacteria-detecting machine to prompt higher growth

Hope exporters

STAR BUSINESS REPORT

Country's frozen food exporters are expecting a sharp rise in shrimp export to the EU market this fiscal with installing a machine within the next one month to detect bacteria in the exportable item.

As per a recent agreement between the government and the apex trade body for frozen food exporters, such a virus detecting device is supposed to be set up at the Department of Fisheries (DoF) in Dhaka on the backdrop of the European Commission's rejection of nearly 25 shrimp consignments of Bangladesh worth about Tk 500 million following detecting nitrofurantoin in prawn bodies.

"DoF will be able to certify the exportable shrimps before any consignment by this machine and

as such the demand of the EU buyers will be met," said Kazi Belayar Hossain, vice-president of Bangladesh Frozen Foods Exporters Association (BFFEA).

The BFFEA official informed that they had already opened a letter of credit (L/C) with the Khulna branch of Al-Arafah Bank to import the machine from a US company.

"The company officials will install the machine here and also provide a short training for some Bangladeshi officials to operate the machine," he added.

With the help of new machine, which will cost Tk3.5 crore, it will be possible to detect the presence of nitrofurantoin, a harmful antibiotic, at any stage of shrimps processing and the exporters will face no problem to augment their exports

of shrimps, he hoped.

Due to absence of such a bacteria-detecting device, the exporters are now required to send shrimps to Singapore for laboratory test in accordance with the EU directives, but some exporters do not allegedly follow the guideline properly.

Recently, the EU also alleged about excessive presence of antibiotics in the shrimp consignments, mainly in the bodies of sweet water prawn in almost every month this year.

According to the BFFEA, around 50 per cent of the frozen shrimp exports go to the European Union countries.

The country fetched Tk 32.50 billion through export of frozen shrimp and fish to the EU member countries last fiscal, which sur-

passed all previous records of frozen food export.

The BFFEA members believe the frozen food sector could emerge as the largest export-earning sector on properly following the EC guidelines.

Sources said an EC team that visited Bangladesh in November last felt disappointed at discovering that the laboratory of the Bangladesh Council for Scientific and Industrial Research (BCSIR) lacks any nitrofurantoin testing equipment, but it is used to issue the 'nitrofurantoin free certificates' against shrimp consignments.

Earlier, the EC had banned the frozen shrimp export during the July-February period in the 1997-98 fiscal for not following their food safety directives.

Expansion of Islamic banking in rural areas stressed

Speakers at a seminar in Dhaka on Friday stressed the need for involving Islamic scholars, financial institutions and bankers in generating proposals by sharing ideas and views for the developments of Islamic economy and its expansion to rural area.

The seminar on Regulation and Performance of Islamic Banking in Bangladesh was organized by the Institute of Hazrat Mohammad (SAW) with a view to promoting effective functioning of Islamic banks in line with the tenets of shariah.

Prof Kabir Hassan of the University of New Orleans, USA, presented the keynote paper at the seminar, says a press release.

Hassan underscored the need for finding more standardised shariah-based financial instruments and innovations competent with offerings of interest-based conventional banks. He also said Islamic banks should build their bank-customer relationship on economic rather than religious considerations.

Bangladesh Bank should act directly as a co-financier on a profit-sharing basis on the projects financed by Islamic banks, he said. The spread of Islamic banks would not only improve the interregional flows of funds, but also reduce disparities in the cost of borrowing, and invest the mobilised resources in the rural areas, he felt.

M Nooruddin Khan, president of the institute, also spoke on the occasion.

Citigroup fined for claiming hedge funds customers were 'disabled'

AFP, Washington

Banking giant Citigroup has been fined 1.1 million dollars after dozens of its brokers gained waivers on mutual fund sales charges by falsely claiming their customers were disabled, the NASD securities regulator has said.

The NASD said in a statement that the scheme involved over 100 Citigroup brokers and was tied to over 2,000 mutual fund transactions totaling 47 million dollars. The sham deals were conducted between June 2001 and June 2002.

In some cases, according to NASD investigators, brokers at the bank's Citigroup Global Markets Inc group falsely claimed their customers were disabled individuals when in fact they were hedge funds.

"Its representatives were able to improperly exploit the mutual funds' fee waiver provisions that were specifically reserved for disabled individuals, extending them even to hedge funds," NASD head of enforcement James Shorris said.

The regulator said Citigroup had agreed to pay 715,000 dollars in restitution to the affected mutual fund groups and a further 400,000 for record-keeping and oversight violations.

The probe focused on mutual fund sales charges that can be waived in the event of a customer's death or disability.

"In several instances, Citigroup-registered representatives entered ... waivers for multimillion-dollar mutual fund transactions by hedge funds, making the inexplicable claim that those entities were 'disabled individuals' as defined by the Internal Revenue Service," the NASD said.

The NASD said its probe into other Citigroup brokers was continuing. Hedge funds are privately run investment vehicles.

CSE moves to popularise derivatives

In a bid to popularise derivatives among the brokers of Chittagong Stock Exchange (CSE), the bourse organised a seminar on derivatives on Wednesday in the port city for the officials of CSE brokerage houses.

Derivative is a tradable financial product whose value depends on the value of some other asset or combination of assets.

The CSE also arranged same kind of seminars on May 15, 2006 for its Chittagong-based members, on May 24 for Dhaka-based members and on June 22 for Sylhet-based ones, says a press release.

Bangladesh's capital market will get a new dimension in near future by adding derivatives to the existing

equity products, said AB Siddique, CSE chief executive officer, at the inaugural function of the seminar.

He said, "It is the first step to make aware our members of the derivative products and very soon trading will take place. The derivative products, which do not exist at all in our stock market, are the most popular investment instruments for the corporate investors as well as individuals in the developing countries like India and Pakistan."

Atiquzzaman, head of Market Operations and Compliance of the CSE, elaborated various products on derivatives such as forwards, futures and options.

WB blows whistle on graft scandal in Indonesia

AFP, Jakarta

The World Bank has exposed corrupt practices linked to three loans for infrastructure projects in Indonesia, cancelling them and demanding millions of dollars in refunds, a report said Saturday.

In a letter to Finance Minister Sri Mulyani, the bank said agreements for loans totalling 1.5 million dollars yet to be disbursed were dropped over alleged bribery in the hiring of consultants, the Jakarta Post reported.

"The bank has found evidence supporting allegations of bribes and the making of other illicit payments in respect of three consulting contracts entered into by the Indonesian government," the bank reportedly said in the letter.

The loans were made through the Ministry of Public Works with consultants WSP International Ltd. No details were given about the consulting company.

The Indonesian government signed two of the loan contracts for a

regional transport project in eastern Indonesia in 2002, and another for a separate roads infrastructure project in 2003 and 2004, the Post reported.

The bank has also requested refunds worth a total of some 4.6 million dollars which had already been disbursed under the agreements, according to the English-language daily.

In its letter, the bank said that its integrity department had received allegations from a contractor that Boei had paid bribes worth 356,703 dollars to government employees in connection with the three contracts.

No statements verifying the report appeared on the World Bank's website on Saturday.

Indonesia is regularly rated as one of the most corrupt nations in the world, but the government of President Susilo Bambang Yudhoyono has vowed to clean up graft as an incentive to induce much-needed foreign investment.

Boeing to get support in Russia: Putin

AFP, Moscow

Russian President Vladimir Putin hailed "a new level of cooperation" with US aerospace giant Boeing on Friday as the company announced a joint venture with Russian VSPMO-Avisma, the world's top titanium maker.

"Your company has always shown itself to be a reliable partner," Putin told Boeing Commercial Airplanes CEO Alan Mulally at the start of a meeting at Putin's suburban residence in Novo-Ogaryovo.

"We will support the growth of your business in Russia," Putin said.

Earlier Friday, Boeing had announced the formation of a 50-50 joint venture with VSPMO-Avisma to manufacture titanium components for Boeing's 787 Dreamliner passenger jet, Interfax reported.

VSPMO-Avisma General Director Vladislav Tetyukhin, who also took part in the meeting with Putin, said the companies would invest a total of 60 million dollars (47 million euros) in the joint venture.

Tetyukhin said that depending on the number of 787 Dreamliners that Boeing sold, the joint venture could sell components worth between 250 million to 400 million dollars.

Ten percent of the jets' body will be made of Russian titanium, Tetyukhin said.

Thirty companies have purchased 403 of the jets, which are expected to go into production in 2008, Tetyukhin said, adding that Boeing estimates the market for such jets at 1 trillion dollars.

Boeing and VSPMO-Avisma had signed a memorandum of understanding about the project in Moscow in April, but Washington's recent imposition of sanctions on two Russian arms makers had raised speculation in Russian media that the cooperation between Boeing and VSPMO-Avisma might be imperilled.

Rosoboronexport, Russia's state arms export monopoly and one of the companies under sanctions, is preparing to buy a major stake in VSPMO-Avisma.

New German N-power plants in Europe planned

AFP, Essen

RWE, the second-biggest power supplier in Germany, is considering building new nuclear power plants in Europe, but outside Germany, chairman Harry Roels said on Thursday.

"We're examining projects for new nuclear power stations in Europe," Roels told a news conference here.

The plans were "still at a very early stage" and construction would depend on acceptance of the nuclear power plants in the countries concerned "as well as on economic logic," Roels said.

"We're doing it so as not to fall behind internationally in this technology," the chairman added, pointing out that the issue of nuclear energy had figured highly on the agenda of the last G8 (Group of Eight) summit.

Germany has decided to pull out of nuclear power completely and hopes that the last of its remaining 17 nuclear power plants will be closed by 2020.

The policy has repeatedly come under fire from energy groups, who argue that the abandonment of nuclear power will make it difficult to meet greenhouse gas emission targets and increase Germany's dependency on imported energies.

Top Thai energy firm lifts profit on soaring oil prices

AFP, Bangkok

Thailand's top energy firm PTT said Friday its net profit in the three months to June jumped 72.5 percent year-on-year due mainly to soaring global oil prices.

The state-controlled petroleum giant said net profit stood at a record 31.66 billion baht (846 million dollars) during the quarter, with revenue up 39.6 percent at a record 313.25 billion baht.

"Our strong profits and sales were mainly due to rising oil prices," a company official said, adding that oil-related products account for nearly 70 percent of the firm's total revenue.

Some 20 percent of PTT's revenue comes from natural gas, with 10 percent from oil refinery business, the official said.

During the April-June quarter, oil prices jumped 35 percent year-on-year to 65 dollars per barrel on average, the company said.

In the six months to June, PTT's net profit rose 25 percent from a year earlier to a record 55.38 billion baht, with revenue up 41 percent at a record 583.62 billion baht.

PTT's biggest shareholder is the Thai finance ministry with a 52.48-percent stake.

Indonesian firm's \$4.7b deal in India slammed

ANN/ THE STRAITS TIMES

The decision by Indonesia's Salim Group to invest billions of dollars in an infrastructure project in the Indian state of West Bengal has angered many in Indonesia who say the money could have been used for the country's own infrastructure projects.

That the decision was announced just as President Susilo Bambang Yudhoyono was about to leave for Malaysia and Singapore to win over investors for infrastructure projects in the country has irked them even more.

"Why invest in another country when Indonesia is in need of investments to ease unemployment pressures and boost economic growth?" asked Dradjad Wibowo, a member of the parliamentary commission on investment and taxation.

The Salim group, which built the Batam Industrial Park with Singapore, is Indonesia's largest conglomerate.

Last week, it inked a deal with two partners for a massive infrastructure project in the Marxist-ruled Indian state that could cost as much as US\$3 billion and includes the construction of a highway, a township and two special economic zones.

The deal itself was not widely reported in Indonesia but politicians took up the issue nevertheless because of the size of the investment.

Dradjad, of the National Mandate Party (PAN), expressed regret that the Salim Group had decided to invest abroad at a time when the country needed funds for infrastructure development.



PHOTO: SHOVON GROUP

FRM Hafizul Islam, deputy managing director of Agrani Bank, inaugurates AN Woven Bulk Bag Industries Ltd, an FIBC (flexible intermediate bulk container) bag manufacturing company and a concern of Shovon Group, yesterday in Narayanganj. Shamsul Haque, managing director of the group, among others, was present.

Greenback up on trade data, British air scare hits pound

AFP, New York

The dollar benefited from better US trade data Thursday while the pound suffered from a terror threat to flights headed from Britain to the United States.

At 2100 GMT the euro bought 1.2791 dollars, down from 1.2860 dollars late Wednesday.

The dollar stood at 115.27 yen, down a touch from 115.36.

The greenback was helped against the euro by Commerce Department figures that showed the US trade deficit narrowed a tad to 64.8 billion dollars in June, from a revised 65.0 billion in May.

The improvement "served as an excuse to buy dollars," said David Gilmore at Foreign Exchange Analytics.

"The dollar benefited from some short-covering. There had been a lot of selling ahead of the Fed's meeting and operators are recalibrating their portfolios," he said.

The dollar had dipped after the US Federal Reserve Tuesday suspended its interest rate tightening cycle after more than two years of hikes that had lifted the fed funds rate to 5.25 percent.

Analysts said the trade data might see second-quarter US economic growth revised higher.

Annualised growth in US gross domestic product (GDP) slowed to 2.5 percent from a heady pace of 5.6 percent recorded in the first quarter, according to an initial government reading.

"Based on data released or revised since the GDP report, we believe second-quarter growth will be revised up to just over a 3.0 percent annual rate," said Michael Carey, chief economist for North America at Calyon.

But while the figures may have eased immediate concerns about the United States's external position, analysts noted that the trade deficit was likely to deteriorate, especially as oil prices edge ever higher.

"Tightening conditions in international oil markets and rising imports from China will soon push the annual trade deficit to 800 billion dollars, imposing a significant drag on economic growth," said Peter Morici, a business professor at the University of Maryland.

The US trade deficit with China, a political sore to some US lawmakers who accuse Beijing of fixing its currency to boost exports, surged by 11 percent in June to 19.7 billion dollars.

"The situation is likely to worsen. The dollar remains at

least 40 percent overvalued against the Chinese yuan, and significantly overvalued against other Asian currencies," Morici said.

Following the trade figures, the euro slipped from 1.2858 dollars to a one-week low of 1.2748, while the pound dropped from 1.9036 to a six-day low of 1.8867.

Also hitting sterling was the news that British police had arrested 21 people bent on wreaking "mass murder" through the simultaneous mid-air bombings of planes headed to the United States.

"The elevation in the terrorist alert has created volatility in the currency markets, and the pound has sold off a little bit," said Neil MacKinnon, chief currency strategist at ECU Group.

MacKinnon said assets such as the Swiss franc that traditionally serve as safe havens in times of trouble had benefited.

But with the focus shifting to the US trade report, the dollar had risen to 1.2339 Swiss francs by 2100 GMT, from 1.2265 late Wednesday.



PHOTO: UTTARA MOTORS

The 'Annual Dealers Conference 2006' of Uttara Motors Ltd, a concern of Uttara Group of Companies, was held on Thursday in Dhaka. Matur Rahman, chairman and managing director of Uttara Group, presided over the meeting while senior officials of the group, among others, were present.

China adopts buyout rules, further checks on foreign investors

AFP, Shanghai

China published on Thursday merger and acquisitions rules to permit share swaps in corporate buyouts but force foreign multinationals to jump through further bureaucratic hurdles.

Overseas investors will be allowed to pay in stock, cash or a combination of both when acquiring Chinese enterprises, according to the regulations issued by the Ministry of Commerce and five other

key government bodies.

"Foreign investors and stockholders can use their rights to a company's stock to purchase domestic enterprises," said the directive printed in the official China Securities Journal.

The rules, which expand on a 2003 provisional law, come amid government worries that multinational companies are outmuscling their Chinese rivals, cornering lucrative industries and threatening China's economic security.

It said foreign corporations must now seek additional approvals from the commerce ministry and industry administration bureau when the buyer has sales volume of 1.5 billion yuan (190 million dollars) or more in the Chinese market.

Also slated for regulatory review will be companies whose merger or buyout would give it more than 25 percent market share in a certain industry, as will corporations that already have a market share of 20 percent.

Companies that have in the past transacted more than 10 deals in related industries in one year must also submit for a series of approvals, the report said.

More conservative government officials claim that multinational companies use unfair competition practices and because they command dominant positions through mergers, brand management and abundant capital, more must be done to protect local players.