

Star BUSINESS

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BB REVIEW

Agrani Bank posts 29pc achievement in bad loan recovery in Jan-June

STAR BUSINESS REPORT

Recovery of bad loans from top twenty defaulters by Agrani Bank was remarkably high during the January-June period of the calendar year 2006 as it realised Tk 5.15 crore posting a 29 percent achievement, compared to other nationalised commercial banks' (NCBs) performance that marked a rate below 1 percent, according to a Bangladesh Bank (BB) review.

As per the bank's memorandum of understanding (MoU) with the central bank, the recovery target was fixed at Tk 18 crore from these listed defaulters by December 2006.

These defaulters owed Tk 820 crore to the Agrani Bank, of which Tk 363 from 3 government entities also remained unrealised.

The bank sources said that the amount it recovered in the last six months was solely from the private enterprises with zero recovery from the state owned enterprises (SoEs).

The sources, however, said that negotiations with these govern-

ment entities are on to realise the classified loans.

As on June 2006, the classified loan of the bank stood at Tk 2982 crore, of which Tk 250 crore was supposed to be realised in accordance with the MoU. But the bank has been able to recover only Tk 96.82 crore, which is 39 percent of its yearly target.

The central bank review suggested that Agrani Bank should accelerate its pace of recovery drive to achieve 100 percent target.

While talking to The Daily Star, the Agrani Bank top brass said they realised Tk 127 crore till August this year. He also voiced his determination to continue the drive to achieve the bank's overall target by the end of the calendar year.

Despite the bank's glaring success in bad loan recovery, its default loan figure is still high, which is 27.42 percent of the total outstanding loans.

Admitting the fact, Agrani Bank officials claimed that they have no provision short fall, rather they have surplus. As a result, their net default loans stand at 6.48 percent.

As per the MoU, the bank had a target to reduce its operating expenses by five percent. The bank was directed to keep its operating expenses within Tk 254.79 crore in 2006. But during the first half of the year it spent 54.76 percent of its yearly target that stands at Tk 139.54 crore.

Agrani Bank sources said the bank spent most on salary of its members of the staff, which is non-reducible. The bank is trying to cut other expenses gradually, they added.

The bank, however, has been able to reduce its cost of deposit. As on June 2006, the cost of deposit declined to 3.88 percent, which was 4.40 percent by the end of last year.

As per the MoU, the growth in total outstanding loans and advances of the bank was set to be limited to five percent. During the January-June period of 2006, such growth rose to 9.35 percent, the BB review further said.

The bank, however, has been able to bag Tk 185 crore profit during the last six months of the year.

Natural gas engines to be built in Bangladesh thru' joint venture

UNB, Dhaka

Malaga-based Advanced Engine Components (AEC) has announced plans to assemble natural gas (NG) engines in Bangladesh, after signing a memorandum of understanding with Inter Baraka Holdings Motors Ltd.

The two companies will form a joint venture, to be named IBAEC Engine Ltd., which will import the base NG engines from ACE's Chinese production customers, for assembling in Bangladesh, said a press release yesterday.

AEC recently signed an agreement with China's third largest automotive manufacturer Dongfeng Nanchong Automobile Co Ltd. to develop a natural gas engine compatible with Euro-3 emission standards.

The joint venture company will import base natural gas engines from ACE's original equipment manufacture customers in China and incorporate ACE's NG vehicle system at the company's facilities in Bangladesh.

The NG engines will be produced for both the Bangladesh and export markets.

IBH is part of the Inter Baraka Holdings group. IBH produces only CNG powered vehicles. Their product range includes TARO city buses and mid city buses, RAINO

highway buses and KENDO trucks.

According to the MOU, IBH will provide land, buildings and other infrastructure while ACE will provide technical knowledge, support and services. IBH will fund all local operating costs.

The final shareholding of the joint venture company will be determined when project cost evaluations are completed and a formal joint venture agreement expected to be signed in November 2006.

Initial production capacity of the joint venture is planned for 200 to 300 NG engines per month.

The press release mentioned that Bangladesh has significant NG reserves and is building significant NG refuelling capacity for NG vehicles. The import of NG base engines and the ACE NGVS as raw materials will save the joint venture company up to 30 percent in local taxes.

IBH selected ACE due to its world leading NGVS and OEM contracts in China. ACE will benefit from its shareholding in the joint venture company together with the ongoing supply of NGVS and other specialised engine components to the rapidly expanding NG market in Bangladesh.

EXPORT OF SHRIMP, FROZEN FOODS

Nitrofurant detector to be commissioned next month

STAR BUSINESS REPORT

Frozen food exporters have long last imported a nitrofurant detecting machine, which is expected to be in operation next month and solve the problem regarding presence of the antibiotic in export consignments, according to industry insiders.

Due to absence of such a laboratory facility in the country for long to detect the presence of this antibiotic in frozen shrimps and other foods, importers of the items rejected several consignments in the past.

European buyers recently rejected 12 containers of frozen shrimps worth Tk 8 crore for presence of nitrofurant in them and sent back the consignments to Bangladesh, said Bangladesh Frozen Foods Exporters Association (BFFEA).

"The machine will be handed over to the Department of Fisheries, which will issue certificates after necessary sample

testing of frozen shrimps and other exportable fishes," Maqsudur Rahman, BFFEA president, told The Daily Star.

The problem centering the presence of the antibiotic may be solved to an expected extent with the commissioning of the machine, which will be set up in Dhaka, he hoped.

The exporters, however, suggested that the origin of nitrofurant should be identified first and steps should be taken accordingly.

"Feeds, pesticides and hatcheries are some of the possible sources of nitrofurant but measures are yet to be taken to control these sources," Maqsudur said, suggesting that an expert should work to identify the problem so that it can not take toll on frozen shrimp export in the long run.

Although some other shrimp and food exporting countries are detecting nitrofurant on regular basis, they are solving the problem with different preventive measures, the

BFFEA president added.

On the other hand, Bangladesh's reputation in the global market is questioned as the exporters take long time in sending back the foreign currency to the importers in case of rejection of any consignment.

"Sometimes, the local exporters need more than one year to get permission from the central bank to send the money back to the importers if any consignment is rejected due to the presence of nitrofurant," Maqsudur said.

Frozen shrimp is the third largest export earner for Bangladesh after readymade garment and jute. The country fetched US\$ 459 million in the 2005-2006 financial year by exporting frozen foods to different countries.

Bangladesh exported 83.80 million pounds of frozen shrimps last fiscal year and the average unit price was \$4.82.

MRDI organises advanced training for journalists

STAR BUSINESS REPORT

A two-week long advanced training for journalists on WTO and Bangladesh Trade Policy concluded at the CCDB Hope Centre in Savar on Wednesday.

The Management and Resources Development Initiative (MRDI) organised the training under a project titled Open Flow of Info on Trade and Economy (OFITE), supported by the Delegation of the European Commission (EC) in Dhaka, with technical support from the Centre for Policy Dialogue (CPD).

The residential training was a mixture of theoretical and practical sessions facilitated by local and foreign resource persons. During the training, the participants produced two special newsletters and a 10-minute TV documentary on WTO and Bangladesh.

Peter Ungphakorn and Luis V Ople, information officers of WTO Information and Media Relations Division, Geneva, in their presentations put special emphasis on various trade issues, including negotiation process, accessing WTO materials and the role of media in mainstreaming public interest concerns in trade related issues.

Elke Pickartz, trainer of the International Institute for Journalism (IJ), Germany, conducted sessions on writing news, interpretation of trade related data and information, interview techniques and sourcing and gathering of information.

Mentor of the project and CPD Executive Director Dr Debapriya Bhattacharya, Research Director Dr Mustafizur Rahman, Zillul Hye Razi, trade adviser of the EC Delegation and Dr Mostafa Abid Khan, deputy chief of the Bangladesh Tariff Commission, conducted several sessions during the training.

Other resource persons of this course were Dr Uttam Deb, Dr Fahmida Khatun, Khondaker Golam Moazzem, Syed Saifuddin Hossain and Wasel Bin Shadat of CPD, Farid Hossain, bureau chief, The Associated Press, Syed Ishiaque Reza, chief news editor, RTV, Inam Ahmed, news editor, The Daily Star, and Shawkat Hossain Masum, business editor of the daily Prothom Alo.

Hasibur Rahman, executive director, and Md Sazzad Hossain, Programme & Communications head of MRDI, Peter Ungphakorn of WTO, Elke Pickartz of IJ, Dr Uttam Deb, Syed Saifuddin Hossain and Nafisa Khaled of CPD attended the concluding session. The certificate giving ceremony will be held in December 2006.



Shahinur Pasha Chowdhury MP speaks at the inauguration of the 170th branch of Islami Bank Bangladesh Ltd at Jagannathpur Bazar in Sunamganj recently while senior officials of the bank, among others, were present.

Doha Round could still be a success in 2007: Lamy

AFP, Geneva

Frozen talks on reducing barriers to global commerce could be revived and brought to a successful conclusion by the end of 2007, World Trade Organisation chief Pascal Lamy said on Thursday.

Lamy said that he still believed it was possible for the 149 trading nations which make up the WTO to overcome their differences, despite bitter disputes that forced the suspension of the so-called Doha Round negotiations in July.

"The round could be concluded before the end of 2007. It's still doable," Lamy said in an interview with AFP.

However, he said, for such an outcome to be possible, trade negotiators will need to kickstart the stalled talks and reach a framework deal by the spring which bridges

major gaps, particularly in the vexed area of farm trade.

"By mid-March at the latest there will need to be enough on the table to finish the round. In other words a deal on agriculture, which will lead to a deal on industrial goods, which will in turn lead to a deal on services," said Lamy.

Trade negotiators would then need six months to fine-tune the accord, filling in the details of how trade reforms would apply to each country and each product.

The Doha Round of multilateral trade talks began in the Qatari capital at the end of 2001, with the goal of reducing subsidies, tariffs and other barriers to commerce and raising living standards in developing countries.

But the talks have consistently been dogged by disputes between rich and poor nations, as well

among wealthy players such as the United States and the European Union, over the relative concessions required.

A compromise among the heavyweights is seen as the key to the round.

The talks were suspended after the so-called Group of Six WTO members -- Australia, Brazil, the European Union, India, Japan and the United States -- failed to settle their spats.

Another concern is high in the minds of the trade community: the special negotiating rights of the White House are due to expire next July, and US lawmakers may take back the power to pick trade deals apart, which would be likely to undermine the confidence of other WTO members in anything Washington promises during future talks.

Citibank NA gets top ratings from Moody's

PTI, New York

Moody's Investors Service, the leading provider of independent credit ratings, has upgraded the ratings of Citibank NA to Aaa for long-term deposits and to A for financial strength (both ratings are at the top of their respective scales), says a press release.

The outlook of the upgraded bank and on Citigroup Inc is stable. This action completes a review initiated on June 8, 2006 by Moody's.

"Citigroup's businesses are exceptionally diversified by customer, product and geography, and the firm also has the most global distribution platform of any major bank," said Moody's Senior Vice President Peter Nerby.

Nerby also said Citigroup has a well-recognised brand and management has built leading global franchises in credit cards, consumer finance, international consumer banking, wealth management and wholesale banking.

These businesses have produced strong and consistent earnings even during difficult economic or market conditions. As a result, Citigroup produces good risk-adjusted profitability compared to most A/Aaa-rated banks.

Citigroup's financial fundamentals also compare well to Aaa-rated industrials in the areas of earnings power, profit margins, and capital strength. Moody's considers Citigroup's risk management culture and capabilities to be the strengths of the firm, the release added.

Etihad voted world's leading new airline

Etihad Airways, the national airline of the United Arab Emirates, has been voted the world's leading new airline for the third consecutive year.

It also won the world's leading flat-bed seat title at the World Travel Awards (WTA). The 13th annual WTA took place in the Caribbean's Turks and Caicos Islands recently, says a press release.

Etihad's fleet of aircraft is one of the youngest in the world. The carrier's customer-oriented services and innovative ideas have been acknowledged by the award.

Etihad currently offers flights for guests and cargos to 40 destinations in the Middle East, Europe, North America, Africa and Asia, the release added.



Peter Ungphakorn of WTO, Elke Pickartz of IJ, Dr Uttam Deb of CPD and Hasibur Rahman of MRDI, among others, pose for photographs with the economic reporters of national dailies, private TV channels and news agencies at the concluding ceremony of a training programme on 'WTO and Bangladesh Trade Policy' on Wednesday in Savar.

US Q2 GDP growth slows

REUTERS, Washington

A cooling housing market helped slow US economic growth more steeply than expected in the second quarter, while corporate profits grew feebly.

Analysts said a slowdown in the pace of expansion could extend into 2007 and Federal Reserve policymakers caution they expect economic growth in the second half to drop below long-term trend rates.

Gross domestic product or GDP that gauges total economic activity within U.S. borders advanced at a revised 2.6 percent annual rate in the second quarter, down from the 2.9 percent estimated a month ago.

BB, banks to remain closed Monday

UNB, Dhaka

Bangladesh Bank (BB) and all scheduled banks will remain closed Monday on the occasion of Durga Puja (Bijaya Dashami), said a BB release.