

Govt moves to up shrimp processing standard

European Commission team arrives Nov 7

JASIM UDDIN KHAN

The government has embarked on a programme, which includes enactment of new laws and introduction of stringent monitoring, to improve shrimp processing and farming standard.

The initiatives came before the visit of a high-level European team to Bangladesh. The delegates from European Commission Food and Veterinary Office are scheduled to visit Bangladesh from November 7 to November 18 this year.

Against the backdrop of recent detection of banned antibiotics in shipments in European entry points, the delegates will examine the shrimp processing and cultivation standard at field level during their visit.

Several sea food buyers from European countries recently rejected some Bangladeshi consignments of shrimp following the detection of banned chlormphenicol and nitrofurantoin.

Sources said under the drive the government has directed the shrimp exporters to maintain HACCP

(Hazard Analysis Critical Control Point) standard. HACCP is a control system for preventing the occurrence of hazardous substances in foods.

An inter-ministerial meeting with Minister for Fishery and Livestock Abdullah Al Noman in the chair also decided to finalise the Hatchery Law-2005 and Fish Feed Act before the arrival of the team.

Both the laws will be helpful to maintain hygiene in cultivation and processing of shrimp, industry sources said.

The inter-ministerial meeting also decided to continue strict monitoring against recruitment of child labourers in the sector, besides setting up an international dispute settlement mechanism before the arrival of the team.

Bangladesh earned US\$ 383.32 million by exporting shrimp during the eleven months (July-May) period of the last fiscal 2004-05.

Export Promotion Bureau sources said during the fiscal shrimp export increased 5.08 per cent over the fiscal year 2003-04.

2 specialised banks get new MDs

STAR BUSINESS REPORT

Two specialised banks yesterday got new managing directors. DMD of Sonali Bank Moqtar Hossain was appointed MD of Shilpa Bank while DMD of Janata Bank Ashraf Ali was made MD of Rajshahi Krishi Unnayan Bank (Rakub).

Besides, five deputy managing directors (DMDs) were appointed in nationalised commercial and specialised banks.

General Manager (GM) of Sonali Bank Humayun Kabir was promoted to DMD in the same bank while GM Mizanur Rahman of Sonali Bank was promoted to DMD of Janata Bank. GM of Krishi Bank Fashir Rahman got appointed as the DMD of Rakub, GM of Agrani Bank Nazmus Salehin was appointed as the DMD of Janata Bank and GM of Agrani Bank Abu Sadeq Md Sohel was promoted to DMD in the same bank.

Qatar Airways to fly 7 days on Dhaka-Doha route from Aug 6

STAR BUSINESS REPORT

Qatar Airways will fly daily on Dhaka-Doha route from August 6, increasing its flight frequency from the existing five flights a week.

The increased flights will help carry 25 percent more passengers and additional cargo from Bangladesh. Dhanwanthrie Goonetilleke, regional manager of Qatar Airways for Bangladesh and Nepal, told a press conference in Dhaka yesterday.

Qatar Airways presently flies from Doha to 66 destinations across the globe and has a plan to include Chittagong and Sylhet under its rapidly growing network. But due to policy and infrastructure problems, the airline is unable to start its operations from these cities just now.

The airline is also offering its economy class passengers in Dhaka to upgrade themselves to business class for US\$75 a person under a promotion, which will run until September 15.

To enable Bangladeshi passengers feel at home onboard, the airline also plans to recruit more Bangladeshi cabin crew, he said.

Unocal to explore for gas in southern coastal block

AFP, Dhaka

US oil company Unocal has signed an agreement with state-owned Petrobangla to explore for gas in four southern coastal districts, officials said Monday.

Under the agreement the company will perform seismic studies along a 1,000 kilometres (625 miles) line later this year and continue into 2006, a company statement said.

Unocal was one of the first foreign energy companies to start drilling for natural gas in Bangladesh after the government opened the sector to foreign invest-

ment in the mid-1990s.

The company is the largest private supplier of gas to Petrobangla and provides almost 18 percent of Bangladesh's natural gas requirements.

Unocal plans to drill four wells after the seismic studies in the four southern Bangladesh districts, Petrobangla Chairman MR Osmany said.

Petrobangla and state-owned exploration company Bapex are Unocal's partners in the blocks.

"They monitored the area for about five years and since they have now seen a market in the country,

they've decided to start exploration in the block," Osmany said, adding he expects the company's investment will be worth at least \$26 million.

The California-based company started work early this year on a 230-million dollar project to produce gas from Bangladesh's second largest field to supply Petrobangla.

Bangladesh has proven recoverable gas reserves of 13 trillion cubic feet (390 billion cubic metres), which are expected to last until 2017. More than three trillion cubic feet have already been extracted, according to official figures.

Oil rises in Asian trade as market digests yuan move

AFP, Singapore

Oil prices were slightly higher in Asian trade Monday as the market continued to weigh the impact of China's revaluation of the yuan, dealers said.

At 11:00 am (0300) GMT, New York's main contract, light sweet crude for delivery in September, was at \$8.85 dollars a barrel, up 20 cents from its closing price of \$8.65 dollars in the United States on Friday.

David Thurtell, a commodities

strategist with the Commonwealth Bank of Australia in Sydney, said traders were still trying to determine the impact of China last week revaluing the yuan by 2.1 percent and ending its decade-old peg to the dollar.

Thurtell said the consensus view was that the appreciation would stimulate consumption in China and therefore lift oil prices.

"But I'm not really of the consensus view that the revaluation will be positive for oil. It shouldn't really make much of a difference," he said.

Sudden analyst Sam Tilley said a stronger yuan could eventually dampen the Asian giant's demand for oil.

"A revaluation of the yuan could possibly increase demand for crude in China as imports would effectively be cheaper but in the longer term the revaluation could slow China's growth," Tilley said.

Thurtell said ongoing terrorist concerns around the world were having little impact on the market at the beginning of the week.



PHOTO: QATAR AIRWAYS
Dhanwanthrie Goonetilleke, regional manager of Qatar Airways for Bangladesh and Nepal, speaks at a press conference in Dhaka yesterday.

Dollar price hits Tk 64.90

STAR BUSINESS REPORT

Dollar price in the inter-bank foreign exchange market yesterday soared to Tk 64.90.

The greenback gained by Tk 0.18 from Tk 64.72 in the inter-bank foreign exchange market.

The sales rate of dollar for import stood at Tk 66.50 yesterday.

Beximco Pharma's London bourse listing deferred

STAR BUSINESS REPORT

Fund raising of Beximco Pharmaceuticals Ltd (BPL) through global depository receipt (GDR) on the London Stock Exchange, scheduled for end-July, has been shifted to September 2005.

"The decision was taken on the advice of Libertas Capital Group plc, BPL's nominated adviser and broker," the company said in a statement. "The change has been made in view of the current situations prevailing in London."

BPL has informed the Securities and Exchange Commission and Dhaka and Chittagong stock exchanges of the development.

BPL is planning to raise UK£30 million and use the fund to repay foreign currency loans, add new manufacturing lines and processes and meet the fund raising costs.

Meanwhile, share prices of BPL on Dhaka Stock Exchange (DSE) shed by 4.57 percent on Sunday closing at Tk 77.10 and on Chittagong Stock Exchange (CSE) at Tk 78. The closing price of BPL on Saturday was Tk 80.80 on DSE.

The BPL share prices on both the bourses continued to fall yesterday closing at Tk 75.50 on the DSE.

"Market reacts if share prices of a company having substantial weight in the index fall," Salahuddin Ahmed Khan, chief executive officer of DSE, told The Daily Star yesterday.

BPL shares worth Tk 5.21 crore were transacted on DSE and Tk 2.29 crore on CSE Sunday. BPL shares worth Tk 3.83 crore were also transacted yesterday.

Sheba Phone to launch wireless fixed phones in rural areas by Dec

STAR BUSINESS REPORT

Sheba Phone, a project of Integrated Services Limited (ISL), will invest Tk 100 crore to roll out its wireless fixed phone network in the southeast and southwest regions by December this year.

The aim of the project is to provide the country's rural masses with telecoms services, ISL Chairman Afzal Chowdhury told reporters at a briefing in Dhaka yesterday.

To implement the Phase-I of this project, ISL has entered into an agreement with US telecoms equipment manufacturer, Alvarion, Chowdhury added.

The local company has recently changed its project name Sheba Access to Sheba Phone to launch the services in the rural areas.

Under the accord, ISL will install

100-125 phones in each of 246 upazila of the southeast and southwest regions by December.

"We have a plan to install three lakh telephones within two years in phases," ISL chairman added.

Apart from voice service, Sheba Phone will provide different value added services including video conferencing and tele-medicine facilities.

"Although the service is PSTN origin, we will be able to provide some extra services," Chowdhury hoped.

Subscribers of Sheba Phone will be connected through three switch centres established at Dhaka, Chittagong and Khulna.

Sheba Phone is also trying to establish interconnectivity with all the local mobile operators in addition to Bangladesh Telegraph and

Telephone Board (BTTB), he said.

Chowdhury said the rural people are keen to talk with their expatriate near and dear ones and Sheba Phone will realise their dreams with the highly developed technology.

In view of this and also the economic condition of rural people, Sheba Phone has fixed a low tariff in comparison with BTTB's local and foreign tariffs.

"We hope that the rural people of Bangladesh will be highly benefited from this," Chowdhury said.

Patrick Duncan, Alvarion managing director (Asia Pacific), who flew to Dhaka on the occasion, expressed his satisfaction over the deal with ISL.

Barbara S Kerry, economic officer of the US Embassy in Dhaka, also spoke at the function.



PHOTO: STAR
Chairman of Integrated Services Limited Afzal Chowdhury (C) speaks at a press briefing in Dhaka yesterday. Patrick Duncan (L), managing director (Asia Pacific) of US telecoms equipment manufacturer, Alvarion, and Barbara S Kerry (R), economic officer of the US Embassy in Dhaka, are also seen.

India's rate rising more likely

REUTERS, Bombay

Economists are divided over whether India's central bank will raise interest rates for the second time this year on July 26, but more are edging towards the idea as a good monsoon seems likely to push up domestic demand.

Eight of 15 economists, fixed income analysts and debt traders polled this week said the Reserve Bank of India (RBI) would increase the reverse repo rate -- the rate at which it absorbs surplus cash from banks -- by 25 basis points to 5.25 percent.

Four of the eight who expect the RBI to raise the rate had said in June, when monsoon rains got off to a slow start, that rates would remain on hold until October.

But the four now feel that normal rains will stoke domestic demand, which, along with expensive oil, could drive up inflation, providing the rationale for the central bank to tighten policy.

"I think this will be the final hike (this year) and then they will stay off rate hikes for at least the next six

months," said Abheek Barua, chief economist India at ABN AMRO Bank.

He said high global oil prices and strong domestic property prices, which have not cooled off despite firmer mortgage lending rates, were among the concerns that would drive the RBI to tighten.

"Recent data on manufacturing growth has been strong, which suggests some degree of overheating in the economy," he added.

One economist who had forecast a quarter point increase in the June poll has altered her view and says the RBI is now more likely to raise the bank rate, which banks use to price their long-term loans.

"There are signs that the excess liquidity which we saw earlier is no longer there," said Rupa Rege Nitsure, chief economist at Bank of Baroda. "The RBI is more likely to therefore raise the fixed repo rate or the bank rate, which would impact the cost of funds, by 25 basis points."

All the other 14 poll participants say they expect the RBI to leave the bank rate unchanged at 6.0 percent.

ASIAN ECONOMIC MONITOR THAILAND REPORT

Looking for recovery

ANN/THE NATION

Thailand's economy in the third quarter is likely to recover from the first half, with key drivers being government spending and exports.

These include the government's supplementary budget of Bt50 billion (US\$1.19 billion), another Bt50 billion of budget left over from the last fiscal year, and a Bt1.3 billion (US\$31 million) initial budget to be invested in "mega projects" this year.

The Thai government expects to see GDP growth in the second half improved from the first-quarter growth of 3.3 percent amid a lack of consumer and investor confidence.

In the third quarter, several ongoing negative impacts on the Thai economy -- the effects of the tsunami, unrest in southern

Thailand and the bird flu -- are expected to subside significantly.

This is likely to help boost tourism, although it is unlikely to recover to the level prior to the Dec 26, 2004 tsunami. The third quarter is also slow season for Thai tourism.

Export, import

Exports, particularly from the electronics sector, are also another driver for the Thai economy. The currently weakening baht, assuming there is no major change in China's yuan or other major currencies, will be a positive factor for Thai exports.

However, Thai exports still face the risk of trade partners' economic slowdown, higher competitiveness, and trade competitors' lower production costs.

Several trade competitors have allowed their local oil prices to move in line with the market and their

business operators have already absorbed and survived the impact of higher fuel prices. When global oil prices decline, they would enjoy lower fuel costs, while Thailand would still have to bear the burden of its earlier oil subsidy.

The faster and deeper-than-expected current account deficit has also deteriorated investor confidence. Imports are likely to jump due to high oil prices, and then there is the import of raw materials and capital goods in preparation for the government's investments in mega projects.

The transfer and service balance is expected to record a small surplus as tourism still has not recovered completely. Thus, the pressure on the current account still exists.

Privates rule

In the third quarter, private invest-

ments are expected to expand continually but not at a high level. There is still a lack of investor confidence caused by several uncertainties affecting the economy, particularly the higher oil prices.

However, there are positive factors including the current low interest rate as well as improving corporate results.

Government spending is expected to help boost private investment, as long as the government can restore confidence and create a more investment-friendly environment.

Private consumption in the third quarter is likely to grow at a lower pace or even decline, caused by a lack of consumer confidence because of the economic slowdown, as well as the current account deficit problem.

The high oil prices will continue hammering economic growth, boosting inflation and the current account deficit more intensely.

Other indicators

The prices of goods and services have apparently risen. The higher cost of living, coupled with unchanged incomes, has lowered consumer spending power. There is growing pressure to raise wages, which would boost inflation.

Credit card loans are expected to grow at a slower pace, which is in line with private consumption as consumers are more careful about their spending.

Mortgage loans are likely to record lower growth, which is also in line with a slowdown in the property market as homebuyers take more time in making decisions on purchases.