

## Stocks

DGEN ▲ 0.61% 2,763.16

CSCX ▲ 0.39% 5,614.78

## Asian Markets

MUMBAI ▼ 1.28%  
14,296.79

TOKYO ▼ 0.20%  
12,752.96

SINGAPORE Flat  
2,705.09

SHANGHAI ▼ 0.34%  
2,342.15

## Currencies

	Buy Tk	Sell Tk
USD	68.52	68.52
EUR	100.39	100.40
GBP	126.02	126.04
JPY	0.62	0.62

SOURCE: BANGLADESH BANK WEBSITE

## Commodities

**Gold** ▲  
\$830.10  
(per ounce)

**Oil** ▲  
\$115.03  
(per barrel)

SOURCE: AFP

(Midday London Trade)

## More News

Dollar back in vogue



The US dollar is back in vogue and has put pressure on other major currencies euro and pound sterling and yen. Good news for the exporters as they will find their imports cheaper. But it is worrying for the importers. They may face hurdles in maintaining competitive edge unless the taka weakens. Chances appear dim in near future.

B-4

80 pc banks do not evaluate board performance: Study

Some 80 percent of the banks and 88.9 percent of the non-bank financial institutions (NBFI) have no performance evaluation of their boards, a study revealed yesterday. The study found only 15 percent of the banks and 11 percent of the NBFIs have had a performance evaluation system and five percent of the banks refused to respond to the issue.

B-3

## International

**Thai central bank hikes interest rate to 3.75pc**

The Bank of Thailand raised interest rates 25 basis points to 3.75 percent Wednesday in a bid to tame soaring inflation. The move came in the wake of reports that the central bank and the finance ministry have been at loggerheads over borrowing costs in one of Southeast Asia's biggest economies.

B-4

## Contact Us

If you have views on Star Business or news about business in Bangladesh, please email us at [business@thedailystar.net](mailto:business@thedailystar.net)

# GP to raise Tk 425cr through bonds

SOHEL PARVEZ and MD HASAN


Grameenphone is set to raise Tk 425 crore through issuing bonds, a move that promises to shore up the country's ailing bond market, officials said yesterday.

The country's largest mobile operator, majority-controlled by Norway's Telenor, has received the green light from the Securities and Exchange Commission to raise the funds through private placement, an SEC official told The Daily Star.

According to the official, the value of the two-year tenure bond will be Tk 1.0 crore each and the coupon rate will be no more than 14.50 percent.

A bond is a debt instrument, in which the issuer owes the holder a debt and is obliged to repay the principal and interest at maturity.

"We have approved GP's proposal to raise the funds from the bond market," said another high official of the



grameenphone

- Two-year tenure bond
- Value of each bond at Tk 1.0 crore
- Interest rate not above 14.5 percent
- Fund to be raised through private placement

capital market regulator.

"As the process is ongoing, I won't comment further on the issue," Yamin Bakht, director of public relations for GP, told The Daily Star by phone.

The cellphone operator had earlier moved to raise \$300 million (Tk 2,058 crore) -- \$150 million from the stock market and the rest through private placement or pre-IPO. The initial public offering proposal is still pending with the SEC.

GP sought approval from SEC for bonds before submitting the IPO proposal.

The GP move came at a time when the company was passing through a "critical financial period".

The cellphone operator's operating profit nosedived 89 percent to Tk 51.10 crore in the second quarter to June from Tk 4,26.9 crore in the same period a year ago.

The company's market share narrowed from 63 percent in 2006 to 47 percent as of June 2008.

In the six-operator market, however, GP still stays in the leading position with 20.84

million customers followed by Egyptian Orascom Telecom's Banglalink with 10 million customers and Aktel with 7.98 million customers as of July.

GP -- 62 percent owned by Telenor -- was the most profitable part of the Norwegian company's global mobile network for the last quarter of 2006.

In line with the company's half-yearly performance until June, its revenue earnings also saw a negative trend. The company's revenues dropped 2 percent in June to Tk 2,868.43 crore compared to Tk 2,944.9 crore in June last year.

In the three months to June 30, GP's EBITDA (earnings before interest, taxes, depreciation and amortisation) margins had decreased by 43 percent to Tk 388.00 crore from Tk 689 crore a year earlier.

The company has faced charges of anomalies, including international call termination through VoIP. The company paid Tk 418.4 crore in fine

for its alleged involvement in VoIP.

Analysts said GP's entry to the bond market would help develop the country's bond market.

"It's definitely a good move for the development of the bond market," said Muhammad A (Rumee) Ali, a former deputy governor of Bangladesh Bank.

Ali, also chairman of BRAC Bank, however said the problem in Bangladesh's bond market is that bonds are not easily tradable.

"The market for bonds is very limited which means that buyers have to hold them up to the maturity period," he said. "This is one of the reasons for limiting the growth of the bond market."

The banker suggested that there should be scope to trade bonds easily so that buyers can liquidate their holdings whenever they need.

[sohel@thedailystar.net](mailto:sohel@thedailystar.net)  
[hasan@thedailystar.net](mailto:hasan@thedailystar.net)

# Govt to sign offshore deals with IOCs by October

UNB, Dhaka

The energy ministry plans to sign shortly contracts with newly selected bidders in the third round international bidding for hydrocarbon exploration in the country's offshore territory.

Energy Secretary Mohammad Mohsin yesterday said they were going ahead with the plan to complete the contract signing process by October to take advantage of the ensuing winter season for starting the exploration work.

"We're hopeful of completing the process by early October subject to approval by the cabinet committee on public purchase," he said.

Two international oil companies (IOCs) -- Conoco Philip and Tullow -- were selected as responsive bidders for the nine offshore blocks in the Bay of Bengal under the latest bidding round that took place May.

After completion of evaluation of the bids by state-owned Petrobangla, the energy ministry put forward the proposals of the US-based Conoco and

Irish company Tullow to the cabinet committee.

The energy ministry had moved for the third round international bidding in February with a plan to complete the contract signing and block awarding process by September or October.

The prime objective of the plan is to utilise the ensuing dry season for exploration work under the contracts.

Officials said the proposals of the two IOCs might come for consideration in the next couple of weeks as the Cabinet Division is now scrutinising the bids.

The government invited bids for the hydrocarbon exploration at a time when the country has been experiencing severe energy crisis, particularly in gas and power supply.

The present gas supply is 1800 plus mmcf against the demand for 2100 mmcf, leaving a shortfall of around 300 million mmcf.

The electricity shortage is about 1500MW and the shortfall is attributed to the poor supply of gas.

# Shipping lines lose steam

## Five suspend feeder vessel operations

JASIM UDDIN KHAN

Five Bangladeshi shipping lines have suspended their feeder vessel operations from Chittagong Port to Singapore, Kuala Lumpur and Colombo ports, largely because of sharp competition from global mainline operators.

Feeder vessels ply short distance and carry goods from small seaports to major seaports.

Government-owned Bangladesh Shipping Corporation (BSC) suspended its feeder operations on the three routes in June last year after it found the business nonviable.

"We have suspended our operations on these routes in

the face of fierce competition from global players," said Kamrul Alam Rabbani, managing director of BSC.

Rabbani said the BSC runs short of vessels and the vessels it has are most of the time busy transporting government goods including rice and fertiliser.

The BSC shifted its focus from full-fledged commercial operations on the feeder routes to providing services mostly for the government.

The pioneer private sector shipping line in Bangladesh, QC Shipping Lines, also withdrew their ships earlier this year from the feeder routes.

"Mainline operators can easily sustain losses by adjusting total costs. But it is difficult

for feeder operators to stay in business as mainline operators decide the rates," said Jamal Uddin Quader Chowdhury, director of QC Shipping Lines.

Chowdhury said government policy, port charges and unstable fuel costs had forced them to withdraw services from the routes.

A high official of HRC Shipping has claimed that his company is continuing operations as it has own ships. But he said profit margins went down.

If the government, the official said, does not review its policy on shipping, no local operators will be able to stay on.

The other shipping lines that suspended their services include Prominent Shipping

Lines, Columbia Shipping Lines and Javasta Shipping Lines.

Mainline operators Maerskline, PIL, OEL, APL and Sea Consortium operate most of the vessels from Chittagong to other ports.

Asked, a high official of the shipping ministry said the government has no restriction on any company to run the business.

"Actually in the age of an open global business pattern, we cannot set policy providing special benefits for local firms," the official said.

Local representatives of Maerskline refused to comment.

[jasim@thedailystar.net](mailto:jasim@thedailystar.net)



A vessel is seen anchored at a seaport. Five Bangladeshi shipping lines have suspended their feeder vessel operations in signs of tough times ahead.

# Bangladesh's credit rating hangs on tax issues

SAJJADUR RAHMAN

Bangladesh's credit rating faces some delay due to an unsettled tax format to be imposed on the Standard & Poor's and Moody's Investors Service, the two prominent credit rating firms in the world.

Bangladesh Bank (BB) has agreed in principle to award the work orders to the Standard & Poor's and Moody's Investors Service, following their responses to BB proposal, officials said.

"We have sent the tax issues of these firms to the National Board of Revenue, but we are yet to get a reply," a senior BB official concerned with the country rating issue told The Daily Star yesterday.

The official said, "BB cannot price the work because they did not receive tax assessment for the work."

NBR chairman Abdul Mazid however said he is yet to know the issue.

The central bank initiated




the move for Bangladesh's first-ever credit rating following arbitrary credit ratings for the country by donors and individual enterprises and foreign countries, in May.

To execute the job, BB invited three rating agencies, of which the Japan Credit Rating Agency did not respond.

The other two firms -- Standard & Poor's and Moody's Investors Service -- have responded to the central bank's proposal to conduct credit rating for Bangladesh, a move what the officials believe will help the country attract more foreign investment and receive international aid easily.

The BB official said, "The central bank is ready to issue the work orders to these interested firms, but the tax issue is delaying the matter."

Earlier, a five-member

technical evaluation committee comprising officials from BB, the commerce ministry and Institute of Chartered Accountants assessed the proposals of Standard & Poor's and Moody's Investors Service.

The two agencies will conduct Bangladesh's credit rating independently, and the BB will assess the reports of these two firms separately for a better rating of the country, a BB executive director (ED) said.

"We need such a credit rating for the country so that any foreign organisation or country cannot form a wrong impression about Bangladesh based solely on their own perceptions," the BB official said.

BB Governor Salehuddin Ahmed in May said he has seen some ratings that unnecessarily branded Bangladesh as a

high-risk country.

BB officials believe that the country rating will also help Bangladesh mobilise resources in the capital market. They said foreign investors and multilateral lenders evaluate the credit rating of a country before making investments or providing loans.

Citibank NA, Hongkong and Shanghai Banking Corporation (HSBC) and Standard Chartered bank will offer advisory services to the BB in the total process of completing the task, officials said.

Although credit ratings for business organisations are common globally, sovereign country credit rating is a bit new. However, besides developed countries, some Middle East and African countries have their own country credit ratings.

Credit ratings generally reflect a country's overall economic situation, but socio-political issues also get high focus.

[Sajjad@thedailystar.net](mailto:Sajjad@thedailystar.net)

# Developing nations move to break WTO impasse

AFP, Singapore

Developing nations are working on a compromise which they hope can help break a deadlock in global trade talks, Indonesian Trade Minister Mari Pangestu said yesterday.

The Group of 33 (G33) developing states' secretariat was working to convene a meeting of officials to draw up a compromise, Pangestu said on the sidelines of an Association of Southeast Asian Nations (Asean) meeting in Singapore.

"We're working hard to come up with a compromise which we think is doable," she told reporters. Indonesia is coordinator of the G33.

"The secretariat of G33 is working hard right now as we speak. There will be, probably beginning next week, the beginning of informal discussions between senior officials to find the technical compromise."

The Doha Round of global trade negotiations broke down in Geneva last month after India and the US failed to agree

on a safeguard mechanism allowing for special tariffs on agricultural goods if imports surge or prices fall.

Washington rejected Indian proposals that developing nations should be allowed to boost duties by an additional 25 percent on farm products if imports surged by 15 percent.

Washington insisted extra duties should be allowed only if imports rose by 40 percent.

Pangestu said a compromise was needed on the issue, adding the mechanism must be effective and easy to use, as requested by developing countries, but also "that this is not being abused, that there's discipline to using it."

She said the technical discussions hope to make progress by September in order to get the World Trade Organisation ministers back to a meeting.

Indonesian President Susilo Bambang Yudhoyono has called on the leaders of fellow developing countries Brazil, China and India to help revive the stalled negotiations.

# Power supply time for shops relaxed during Ramadan

UNB, Dhaka

All shops and markets across the country will remain open till 9pm during the first week of the holy Ramadan following relaxation of restriction on power supply.

"After observing the situation of the first week, we will take decision about rest of the holy Ramadan," Adviser Anwarul Iqbal told reporters yesterday after a meeting with leaders of the Dokan Malik Samity.

Electricity is now given to shops and markets till 8pm because of scarcity.

The adviser said government has decided to ensure uninterrupted power supply to the mosques across the country during the prayers time, especially at the time of Tarabi.

"We will monitor the situation in the first week of Ramadan when shops will also remain open at the Tarabi time," he said. But the adviser cautioned the shop owners of drastic action against any illumination in the shopping centers and markets.

Iqbal asked the shop owners not to use excessive air-conditioners and prefer use of energy saving bulbs.