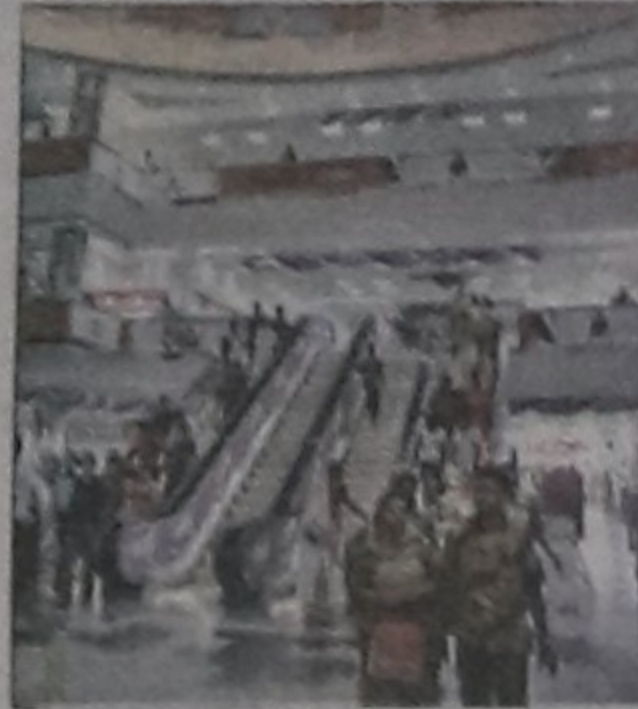


More News

Shoppers in midnight quiet



Nila's eyes glittered with delight. The reason, another year has been added to her untiring shopping not only for herself but for children also. And it is more than 30 years she has been doing it. Her role at age 60 is now of a grandma.

B-4

United now flies to Barisal

United Airways, a private airline, yesterday inaugurated its fifth domestic route from Dhaka to Barisal. The private airliner will initially operate return flights on the newly inaugurated Dhaka-Barisal route on Sundays, Tuesdays and Thursdays. The airliner will start daily flights on the route from October 7, officials said.

B-3

International

Asia watches US in turmoil



"Bailout" is back as a buzzword 11 years after the Asian financial crisis, but this time the tables are turned: the US is scrambling to rescue ailing banks while a healthy Asia watches. The ramparts built after the 1997-1998 Asian crisis helped blunt the impact of turbulence that ripped through America's financial heartland this month, economists said.

IMF head urges tighter control of financial markets

The IMF needs to tighten its control over financial markets following the global economic crisis, its managing director Dominique Strauss-Kahn said in an interview due to be published on Sunday.

He said the IMF was "ready to do what is required if we are given the mandate," saying the world faced "financial anarchy" now as it did in 1944 when the organisation was set up in the aftermath of World War II.

B-4

Asian currencies higher against dollar

Asian currencies ended the week mostly higher against the dollar as traders awaited the fate of a massive US rescue package aimed at stabilising the global finance sector and economy. The yen rose moderately during the week, taking advantage of selling pressure on the dollar after political wrangling held up a proposed Wall Street bailout plan, adding to market jitters, dealers said. After a volatile week, the Japanese currency stood at 105.68 against the dollar late Friday, up from 107.33 a week earlier.

B-2

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

## Gas-based industry gets cold shoulder

SAIJADUR RAHMAN

Bangladesh has decided to discourage gas-based industries following its supply crisis in different sectors, Board of Investment (BoI) officials said.

"We are sorting out how we can discourage investments -- both foreign and local -- in gas-based industries to save the natural resources from quick depletion," BoI Executive Chairman Kamaluddin Ahmed said at the launch of the Global Investment Report last week.

"Investments in the services sector will be given priority over the manufacturing sector," Ahmed said. "A consultant is working on the issue," he added.

Bangladesh, with around seven trillion cubic feet of proven gas reserves, claims that it is faced with a gas supply shortage of around 100 million cubic feet a day, which has been badly hampering industrial production and power generation.

Demand for gas is increasing at 8-10 percent a year, according to experts.

Significant numbers of

industries could not start operation due to lack of gas supply. Chittagong region being the worst sufferer. Indian conglomerate Tata Group's \$3 billion investment plan has also been rejected for, according to the government, unavailability of gas.

Bangladesh's power generation is also heavily gas-based. The state-run Petrobangla has informed the Power Division about its inability to supply gas to a big power plant.

The government has recently also started to ration gas in various sectors, while urging industrialists to be sensible in the use of gas.

BoI officials said they have planned a shift to non-gas-based industries from gas-based industries.

Kamaluddin Ahmed of BoI said Bangladesh was thinking of diversifying its energy uses to coal. "We'll be able to attract more foreign investments after the new coal policy is in place," Ahmed said.

He denied that there has been a reduction in invest-

### GAS INDUSTRY AT A GLANCE

- Proven gas reserve: Seven trillion cubic feet
- Per day gas demand: 1,800 million cubic feet against supply of 1,700
- Growth in annual demand: 8-10 percent

### GAS CONSUMPTION

- Power generation: 42%
- Fertiliser industry: 17%
- Captive power: 12%
- Manufacturing industry: 14%
- Domestic households: 12%
- Others: 3%

Source: Petrobangla

ments following the decision about the gas usage.

But Syed Akhtar Mahmood, a private sector analyst working at the International Finance Corporation (IFC) of World Bank, said a lot of foreign investments might be lost if the government rejected all invest-

ment proposals for gas-based industries.

"Unavailability of energy has become a serious problem for manufacturers. The government should resolve the issue urgently," said Mahmood yesterday.

He, however, said there was scope for establishing non-gas-based industries. "But investment opportunities in this area should be explored in a planned and coordinated manner."

Deborah Porte, a consultant in IFC, also sees future potential of using other energy sources for establishing industries.

The country's only 250-megawatt (MW) coal-based power generation plant started its operation in 2005.

The plant, which is dependent on Barapukuria coalmine, often faces interruptions in power production due to technical difficulties or irregular supply of coal. The country's only hydro-electric power generation plant has a capacity to produce 230 MW of electricity, while around 200 MW of electricity comes from imported oil sources.

## BTRC holds talks today on spectrum allocation



MD HASAN

The parley between telecom regulator and three top mobile operators to settle new spectrum allocation issue starts today, which these operators applied for last March in the face of huge network jam.

Frequency is important in wireless communications, where it is mathematically related to the wavelength. Such a device is required as per the growth in customer.

The operators who have long been demanding such frequency are Grameenphone, Banglalink and AKTEL, who grab 90 per cent of the six operators' market share.

Responding to the plea for additional frequencies in order to improve the mobile operators' services and cope with the rapid growth in users, the Bangladesh

### Spectrum allocation in mobile phone industry

Mobile Operator	Users (August 2008) in million	Spectrum
Grameenphone	20.84	14.5MH
Banglalink	10.17	12.4MH
Aktel	8.14	12.8MH
Warid	3.68	15MH
Citycell	1.68	10MH
Teletalk	0.89	15.2MH
Total	45.4	79.9MH

Telecommunication and Regulatory Commission (BTRC) decided to allocate 17.6 MHz to them in June.

But the issue remained unresolved as debate surfaced over the price the regulator had set for the frequency.

This rate of frequency is Tk112 crore per MHz, which is to be paid annually. The top cell phone operators see it 'priced', while the rate fixing authority think it 'very rational' in global context.

"Mobile operators once enjoyed frequency benefits free in Bangladesh, but it should not be," said Major General Manzurul Alam (rtd), chairman of BTRC.

"We are not imposing anything on them. Let's have a talk with them. But they have to understand one thing -- spectrum is a national asset and it has a

value," he said.

According to BTRC sources, on the basis of their existing customer base Grameen will get 7 MHz, Banglalink 5.1 MHz and AKTEL 5 MHz, respectively, in addition to their existing frequencies of 80 MHz. If these operators add new frequencies, the amount of Grameen's will be 21.5 MHz, Banglalink's 17.5 MHz and AKTEL's 17.8 MHz.

As of August 2008, the number of mobile phone customers reached 45.4 million and the rapid increase has caused problems among the larger operators.

Globally, frequency allocation to mobile operators has now become a crucial issue. Even in India, regulator charges such operators huge money for allocating additional frequency. [hasan@thedailystar.net](mailto:hasan@thedailystar.net)

## Food makers set sights on Japan fair

### FOODEX starts in March

STAR BUSINESS REPORT

Local food manufacturers will have a wider chance to promote their items in Japan by attending Asia's biggest food and beverages exhibition FOODEX, set to kick off on March 3 next year.

The four-day fair will take place at Makuhari Messe, Chiba in Japan, which is expected to pull about 100,000 visitors, including wholesalers, importers, retailers and food makers from around the world.

Japan External Trade Organisation (Jetro) seeks applications from prospective participants from developing countries including Bangladesh to clear the way for food manufacturers to join the fair.

Jetro says it will set up a pavilion -- Jetro Zone -- to enable food manufacturers to display their products.

"The objective of Jetro Zone is to boost exports from developing countries to Japan through assistance to the food

sector," said Jetro in a statement.

Jetro, the trade and investment promotion body under the Ministry of Economy, Trade and Industry, Japan, said the exhibition would provide an opportunity for participants to network with Japanese buyers.

Jetro Zone will be the first step for the companies to enter one of the world's biggest food markets, which imports 60 percent of its food supply that translates into \$44 billion.

"It's highly anticipated that Bangladeshi food items will get access to the highly sensitive Japanese food market," said Tomohiro Kinomoto, representative of Jetro in Bangladesh in a statement.

Jetro, which will offer booths to the participants from developing countries at a subsidised rate of 70 percent, said the companies in the food and beverages sector would be able to turn in applications until October 9.

Grains, potatoes, seafood, herbs, spices, salt, tea, alco-



The file picture shows visitors to FOODEX JAPAN 2008.

holic beverages and soft drinks, chocolate, coned and frozen foods will figure on the list of fair exhibits, subject to inspection by Jetro.

Jetro will confirm that the items qualify for exports to Japan.

Mineral water, meat, frozen sweets such as ice cream cannot be displayed at FOODEX.

According to Jetro, foods to be displayed at the fair should

have a trace-ability system and must be free from agriculture and post-harvest chemicals. Foods should be without additives -- one of the stringent conditions.

Various certifications such as HACCP, GMP, GLOBALGAP, ISO9001 and ISO22000 will also help meet the reliability criteria.

Officials at Jetro in Bangladesh said the local com-

panies first attended the exhibition in 2004, but responses from Bangladeshi food processors remained lukewarm, as the process of accessing Japan's food market is complicated.

However, some small companies such as Bangla Natural Agro have been participating in the exhibition over the last couple of years.

Bangla Natural, a trading company, is now in talks with some Japanese buyers to export turmeric, guava leaf and neem leaf to Japan.

"We are negotiating. I hope the deals will be finalised ahead of next FOODEX," said Mohammad Anisur Rahman, chief executive and managing director of Bangla Natural.

Total value of the orders will approach \$100,000, he told The Daily Star yesterday.

"It has become a learning place for me. Attending the exhibition has helped boost my confidence. Now I can negotiate with buyers without hesitation," Rahman said.

## Grain import slips 30pc

REJAUL KARIM BYRON

The import of food grain has dropped 30 percent in the last two months of the current fiscal year, compared to the same period a year ago.

This year's bumper production of Boro and Aus across the country resulted in a sharp fall in import of food grain, said officials at the food ministry.

However, the import of food grain increased 152 percent in the July-August period of fiscal 2007-08 over the same period in fiscal 2006-07.

According to Bangladesh Bank statistics on letters of credit settlements, rice and wheat worth \$98 million were imported in the last two months of the current fiscal year against \$139 million in imports of the same products in the year-earlier period.

The LC opening for importing food grain decreased 69 percent in the last two months of the current fiscal year from the same period of the previous fiscal year. The LC opening increased 431 percent in the July-August period of fiscal 2007-08, compared to the

year-earlier period, the BB statistics show.

Food ministry officials said the import of food grain in the private sector fell sharply due to the government procurement of rice from India under bilateral agreement.

In a report, the food ministry said the private sector's import of rice remained sluggish in September, but the government import increased slightly.

It also said Bangladesh has already received 68 percent of the 5 lakh tonnes of rice in exports from India under bilateral agreement.

This year, the country has yielded about 1.75 crore tonnes of Boro against the previous year's 1.49 crore tonnes.

In an initial estimate, the Department of Agricultural Extension said the production of Aus would surpass this year's target of 23-25 lakh tonnes.

According to the food ministry statistics, the government stock of food grain rose to 11.49 lakh tonnes in July against 7.86 lakh tonnes in the same period of the previous year.

## Airbus globalises production with China plant

APP, Paris

European aircraft giant Airbus will take a major step towards the globalisation of its production on Sunday with the opening of a new assembly line in the Chinese port of Tianjin.

The plant is the firm's first outside of Europe and gives Airbus a foothold in a market hungry for new planes and hotly contested by its US rival Boeing.

"Our goal is to produce four planes per month by 2011, but I wouldn't be surprised if we achieved this earlier," Airbus CEO Thomas Enders said recently.

The Tianjin plant was constructed 100 kilometres (62 miles) outside Beijing in a port city and is a carbon copy of Airbus' site in Hamburg, Germany, which assembles the A320 jet, the group's family of single-aisle airliners.

Work began on the site in August, but the official opening was delayed so as not to clash with the Beijing Olympics.

Airbus sales have been under pressure from the recent strength of the euro against the dollar, rising fuel prices and the economic downturn.

Breaking into the huge Chinese market, where strong domestic growth has helped insulate the economy from the chaos on the world market, has been identified as key to keeping the European supplier competitive with Boeing.

The American manufacturer has historically dominated in China, but Airbus has a growing market share and has stolen a march with the Tianjin plant.

Boeing makes aircraft components in China but has no assembly lines outside the United States.

Nevertheless, Airbus' global expansion strategy has worried

European unions, which fear the outsourcing of jobs to cheaper regions, and concerns have been raised about the transfer of high-technology knowhow to a strategic competitor.

But these doubts are overblown, experts insist.

Firstly, Tianjin is not designed to replace exports to Airbus' existing markets, but to supply China, which the firm estimates will soak up 2,800 planes over the next two decades, 11.6 percent of global demand.

Secondly, the plant is an assembly line for components manufactured elsewhere, a process which represents only a small part of the work.

"Psychologically it seems important to see a plane roll off the production line, but the line represents only three to four percent of its total value," estimated one expert in the sector.



Hostesses greet guests inside a hangar during the inauguration ceremony for the opening of the Airbus Tianjin plant in Tianjin, northern China, yesterday. The Airbus plant in the Chinese port city of Tianjin is the firm's first outside Europe.