

## Stocks

DGEN ▼ 0.68%  
2,677.19

CSCX ▼ 1.62%  
5,341.56

## Currencies

	Buy Tk	Sell Tk
USD	68.45	69.45
EUR	89.54	94.04
GBP	99.21	103.86
JPY	0.75	0.79

SOURCE: STANDARD CHARTERED

## Commodities

**Gold** ▲  
\$824.17  
(per ounce)

**Oil** ▼  
\$35.29  
(per barrel)

SOURCE: AFP

(As of Friday)

## More News

### Committee on shipbuilding to make recommendations

A 14-member committee led by Bangladesh Bank Deputy Governor Nazrul Huda is set to recommend assistance, including banking facilities, for the shipbuilding industry.

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## International

### Obama stimulus not sure bet



Barack Obama and his congressional allies are gambling that the largest public spending program since World War II and a new round of tax cuts will pry the economy from the recession's iron grip and avert another Depression.

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# Recession fears loom over shrimp exports

SAJJADUR RAHMAN

The shrimp industry foresees the toughest time this year on a continuous fall both in the price and demand in the troubled developed economies, main consumers of the item, according to industry people.

They said buyers in the US and Europe are pressing Bangladeshi exporters to reduce the price of the item in the wake of a deepening financial crisis.

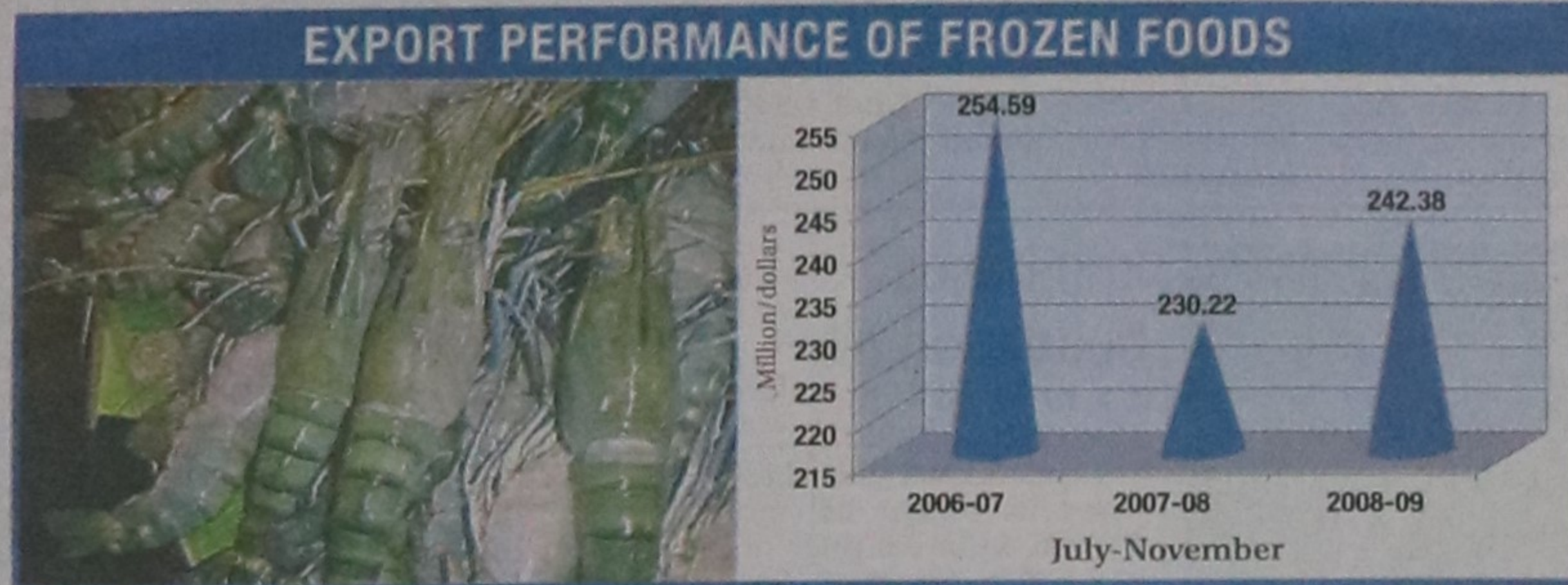
Some buyers even have showed their reluctance to receive the goods from their respective countries' customs authorities without a reduction in prices.

"I made a shipment to the USA last month, but the buyers asked me to renegotiate the price, without which he refused to receive the goods," Kazi Belayet Hossain, president of Bangladesh Frozen Foods Exporters Association (BFFEA), told The Daily Star.

Hossain said: "If we don't reduce the price, buyers threaten to shift their orders to other countries."

The central bank in its latest semi-annual monetary policy that was announced Wednesday also predicted a weak export demand for shrimps in the coming months on the continued financial crisis.

According to the industry, the price of shrimp has dropped by \$1 per pound, or about Tk 155 per kilogram, in late 2008 compared to



the 2007 price.

In fiscal year 2007-08, the price of 16 to 30 grade shrimp, which accounts for around 65 percent of the total frozen shrimp export, ranged between \$5.20 and \$5.50, but now it has come down to as low as \$4, marking a 30-32 percent decline, the BFFEA president said.

Frozen food is the second highest export earner after apparels in Bangladesh. In FY 2007-08, the country exported frozen foods worth \$534 million. The government set a target of \$574 million for this fiscal year, but exporters made it at \$600 million.

Shrimp, which is considered as a luxurious product, alone accounts for over 80 percent of frozen food products.

The European Union, USA and

Japan are the three main markets for Bangladesh's frozen shrimp, with the EU and the US accounting for 48 percent and 40 percent respectively of the total exports. All the three destinations are now suffering acutely from financial crisis.

The export price of frozen shrimp started falling on the fuel oil price hike in June 2007. And after the onset of recession in the USA and Europe, the price has taken a nosedive.

"If the financial meltdown continues this year, no doubt the industry will be affected badly," a Khulna-based exporter said. The price fall has resulted in stockpiles of shrimp for him, he said.

Some one crore people are directly and indirectly involved with the business concentrated in Khulna zone, businessmen said.

To face the situation, the association has already requested the government to create an emergency fund for the shrimp exporters to protect them from liquidity crisis.

"We have asked the government to provide us interest-free loan as it was given in 2001 following the adverse situation stemming from the twin tower attack," Belayet Hossain said.

The association feared that the exporters would fall in a liquidity crisis of Tk 500-600 crore because of the adverse impacts of the global financial turmoil.

"Formation of 40 percent interest-free block account facility for a period of four to five years will help us sustain the situation," the BFFEA president said.

sajjad@thedailystar.net

## No TCB reactivation, 10-yearly export plan under consideration

Commerce minister says

STAR BUSINESS REPORT

The commerce minister prefers ensuring all kinds of cooperation to business communities rather than reactivating the state-owned Trading Corporation of Bangladesh (TCB) to arrest the skyrocketing prices of basic commodities in the local market.

"We will not reactivate the TCB. We will intervene in the market with mutual understanding and trust. The government's mechanism to control the market is to ensure all kinds of cooperation to businessmen," Faruk Khan told a DCCI delegation who met him at his Secretariat office yesterday.

The minister emphasised creating a business-friendly environment. "The government's job is not to control or monitor the market and businessmen," he said, pointing to the fact that the immediate past caretaker government failed to arrest the price spiral of essentials, as they harassed the business community in different ways.

During the meeting, he also said that the government is mulling formulating a 10-yearly export plan, instead of the existing one.

Khan has been hosting a series of meetings since his takeover to spot the problems hindering business.

He again invited the businesspeople to place five top priorities with regard to amendments to business rules.

"Let me know what the obstacles in customs are. I am ready to change all the barriers in the interest of smooth business," Khan said when Zafar Osman, president of the Dhaka Chamber of Commerce and Industry, stressed the need for making the customs and port hassle-free for the normal functioning of the businesses.

The minister promised allocating a piece of land to the DCCI for constructing a permanent venue to host trade fairs within the next three years.

## ACI to raise Tk 130cr in bonds Broiler chicken soars 51pc

SARWAR A CHOWDHURY

Advanced Chemical Industries (ACI) Limited has decided to borrow Tk 130 crore through issuing convertible zero coupon bonds for loan repayment and fresh investment.

The decision came at the company's Board of Directors meeting on Thursday.

A zero coupon bond is a bond bought at a price lower than its face value, but at the time of maturity the repayment will be an amount that the face value actually means. And convertible zero coupon bond means that it is convertible into a company's common stock or share.

The issuance of the bond 'ACI 20% Convertible Zero Coupon Bond', first of its kind, is however subject to the approval of Securities and Exchange Commission, the company officials said.

"The prime object of issuing the zero coupon bond is to repay the loan provided by the existing financiers," said Muallem A Choudhury, executive director (finance and planning) of ACI.

"The rest of the borrowed money, if there is any, will be injected to the company's business as fresh investment," he added.

Maturity period of the bond is five years with yearly redemption. It means 20 percent value of the bond will be repaid to the investors in each year with a 10.5 percent discount rate.

Of the yearly repaying amount, 20 per-

cent will be converted into ACI shares.

Along with the discount or interest, the investors, excluding banks and insurance companies, will also get tax exemption on the income from the zero coupon bond.

The bond will be traded in Dhaka and Chittagong stock exchanges, which is also subject to the approval of the authorities.

The trading of the debt instrument will help the capital market in activating the bond market, as the existing one is almost inactive.

The bond will be issued through both private placement and initial public offering. Alliance Financial Services Ltd is the issue manager of the bond, while Industrial and Infrastructure Development Finance Co Ltd is the facility manager.

ACI, which has investments in pharmaceuticals, consumer brands and commodity products, agribusinesses, crop care and public health, livestock and fisheries, fertiliser and seeds business, posted net profits of Tk 36.25 crore in 2007. The company posted net profits of Tk 17.18 crore as of June 30.

The ACI subsidiaries include ACI Formulations Limited, Apex Leathercrafts Limited, ACI Salt Limited, ACI Pure Flour Limited, ACI Foods Limited, Consolidated Chemicals Limited, Premiaflex Plastics Limited, Creative Communications Limited, ACI Motors Limited and ACI Logistics Limited.

sarwar@thedailystar.net

SOHEL PARVEZ

The prices of broiler chicken have jumped over 51 percent because of short supply as fears over probable bird flu attacks slowed farming last month.

Low returns over chicken last month also prompted farmers to cut farming, leading retail prices to rise as high as Tk 139 a kilogram.

The overall prices of live broiler chicken per kilogram soared to a range of Tk 130-135 from Tk 85-90 in kitchen markets a month ago, according to data from the Trading Corporation of Bangladesh.

"We are disturbed by the constant rise in prices. Customers are questioning the rise and cutting consumption in response," said Mohammad Solaiman of Protein House, owner of the live and frozen broiler chicken outlet, at the Hatirpool kitchen market.

Solaiman, who was selling



a kilogram of live broiler chicken at Tk 138, blamed the fall in broiler chicken farming on the prevailing bird flu panic among farmers.

"Worsening confidence in farmers has also affected the sales of our day-old chicks. Prices of a day-old chick came down by two-thirds in December from a month ago," said Shah Habibul Haque, director of Aftab Bahumukhi Farms Ltd.

The official of Aftab said the company had destroyed

over the sector early last year, is still facing the brunt of the disease.

The bird-flu rampage cost the industry more than Tk 4,200 crore in losses.

In January 2008, the price of a kilogram of live broiler chicken hovered around Tk 75-80, amid the ravage of the disease.

In the last couple of months, the incidence of the disease has been low but panic remains.

Kazi Zeeshan Hasan, director of the country's biggest poultry breeder Kazi Farms, also felt that most broiler farmers remained silent on apprehension of losses over the disease. "But farmers are slowly regaining confidence."

Moshiur Rahman, managing director of another hatchery, Paragon Poultry, believed that the low prices of poultry birds last month were the reason behind slowing farming.

sohel@thedailystar.net

### ICB FINANCIAL GROUP HOLDINGS AG AWARDED THE BANKER "BANK OF THE YEAR" AWARDS 2008 FOR THREE OF ITS BANKS IN ALBANIA, DJIBOUTI AND REPUBLIC OF GUINEA



ICB Financial Group Holdings AG ("the ICB Banking Group"), listed on the London Stock Exchange - AIM Board adds 2 more country banks to its winners roll of *The Banker - Bank of the Year Awards 2008* when International Commercial Bank Sh.A. Albania ("ICB Albania") and International Commercial Bank (Djibouti) S.A. ("ICB Djibouti") joined five consecutive year's winner International Commercial Bank S.A., Republic of Guinea ("ICB Guinea") on the winners podium at *The Banker - Bank of the Year Awards 2008* awards ceremony held on 26 November 2008 at the Dorchester Hotel on Park Lane in London.

The ICB Banking Group is a banking group that has established itself in thirteen countries and focuses on serving the commercial banking needs of newly emerging economies in Europe, Africa and Asia.

*The Banker - Bank of the Year Awards 2008* reflect the best overall performance by financial institutions in countries across the globe. The awards assess not only the latest results and performance data of the banks but also take into account the use of technology, innovation and major strategic developments that impact on the banks' long-term prospects and market positioning. *Bank of the Year Awards 2008* acknowledges both the quantitative and qualitative achievements of the banks and represents its assessment of the best banks in over 100 countries.

ICB Albania commenced operations in Tirana in 1997 and has 6 branches. It has been selected from amongst 17 banks in Albania this year following a commendable financial performance in 2007 with growth of 36.65% in total assets and 526.57% increase in net profits. The improved shareholders return from the previous year of 1.81% was attributable to the progressive human resources development policies which provided the

essential impetus for overall growth of the staff, enabling them to provide customer relationship services that delighted their customers.

Continuous and dynamic staff training has reduced the Turn Around Time (TAT) for credit delivery especially retail loans. ICB Albania has enhanced its focused customer services to high value customers which resulted in mobilization of bulk deposits from institutional and corporate clients hence total deposits grew by more than 41%. Furthermore non-performing loan ratio reduced markedly to 5.03% from a previous year high of 12.53%; satisfied and confident customers in turn introduced other customers to the bank.

Explaining its maiden trip to the winners podium, its Chief Executive Officer, Mr. Mahendra Singh Rawat said "ICB Albania faced many challenges since its commencement of operations in 1997; in March the entire financial sector including the banking industry had to close down due to the Pyramid Scheme crisis amidst bullets and gunfire; in 1998 there was civil unrest and these resulted in heavy losses and most of the banks operating today came into business post financial and political crisis. Our principal shareholder Tun Daim Zainuddin persevered and those on the ground followed suit. *The Banker - Bank of the Year Awards 2008* speaks for our tenacity, perseverance and commitment".

ICB Djibouti commenced operations in Djibouti City in 2006 and presently has two branches. *The Banker - Bank of the Year Awards 2008* is its first on the back of a phenomenal asset growth of 230% and a net profit of 101%.

ICB Djibouti recognized early the need for credit against a backdrop of rapid development in the republic and launched an aggressive credit policy of bulk lending to commercial agencies to support infrastructure development which included telecommunications, power generation, communications (radio and television) and housing and concurrently aggressively pursued deposits. The cumulative effect was that its loan deposit ratio was 86% compared to the industry average of less than 39%. Prudent risk management is deeply entrenched thus ICB Djibouti's non-performing loans remains less than 1% and it broke even within twelve months of commencement of operations.

ICB Guinea which commenced operations in 1996 continued to post good performance with a substantial growth of approximately 30% in shareholders fund. Its assets grew by 34.17%; it recorded a return on equity of more than 32%; a cost to income ratio of 49.92% and non-performing loan ratio of 5.02% despite two months of shutdown due to the strikes in the city and increased costs of operations due to inflation.

Major business segments that contributed to sustained good performance included the public sector services, structured commodity financing, developmental projects financing and exports financing. Interest income registered an impressive growth of 135% and fee-based income grew by 22%; deposits grew by 16% and the loan portfolio leaped by 157% positively impacting the credit deposit ratio to 30% compared to 13% the previous year.

*The Banker - Bank of the Year Awards 2008* is the fifth consecutive award for ICB Guinea and the Chief Executive Officer, Mr. Seshagiri Rao S.N. attributed this to "our professional approach and dedicated team; committed to achieve excellence in all areas of banking. Year on year qualitative progress reflects our competence; we are confident of maintaining our consistent performance". He further quipped, "with 5 consecutive awards, to us it is tantamount to a lifetime achievement award; we will not be resting on our laurels though".

The three ICB Banking Group's *The Banker - Bank of the Year Awards 2008* winners are members of the ICB Banking Group whose countries presence include Albania, Djibouti, Republic of Guinea, Ghana, The Gambia, Tanzania, Mozambique, Sierra Leone, Senegal, Malawi, Indonesia, Bangladesh and Laos. The holding company of the ICB Banking Group is ICB Financial Group Holdings AG which is listed on the London Stock Exchange - AIM Board. ICB Banking

Group Chairman, Mr. Michael Hanlon was accompanied by Mr. George Koshy, Head of Banking; and Mr. Rene Fritsch, Group Director, to the Dorchester Hotel in London to receive the awards.

The Global Management Office of the ICB Banking Group is based in Kuala Lumpur, Malaysia. Mr. Harith Harun, the Group's Chief Executive Officer commented, "for the world, 2008 will be remembered in the years to come as one of the most difficult periods faced by the banking community. For us at the ICB Banking Group, it will be remembered for its three The Banker Bank of the Year 2008 Awards. These awards serve to drive home our basic banking philosophy of strong management and prudent risk approach. There is no substitute for these. These awards come at an opportune time when our customers, strategic partners and the employees will be looking for a positive show of continuing strength from our banks; there is no better testament than *The Banker - Bank of the Year Awards 2008*."



For further information, kindly contact:  
Mr. Harith Harun  
Chief Executive Officer  
ICB Banking Group  
Tel: +603-6201 0051 / 6201 0052  
harith@icbglobal.com.my

Masbul Huq Chowdhury  
Managing Director  
ICB Islamic Bank Ltd  
Tel: 880 2 9144111, 6201 0052  
912793  
masbul@icbislamic-bd.com