

DHAKA WEDNESDAY MAY 20, 2009

Stocks

DGEN 1.20%
 2,557.09

CSCX 1.48%
 5,448.01

Asian Markets

MUMBAI 0.12%
 14,302.03

TOKYO 2.78%
 9,290.29

SINGAPORE 3.83%
 2,260.36

SHANGHAI 0.90%
 2,676.88

Currencies

Buy Tk Sell Tk
 USD 68.50 69.50

EUR 90.95 95.94

GBP 103.28 108.65

JPY 0.70 0.77

SOURCE: STANDARD CHARTERED BANK

Commodities

Gold \$920.33
 (per ounce)

Oil \$59.65
 (per barrel)

SOURCE: AFP
 (Midday Trade)

More News

Digital Bangladesh



Bangladesh has grown in various dimensions since independence. Its population doubled, its grain production tripled, its economy multiplied 10-fold but there is one valuable resource that has not grown at all because it cannot grow on its own landmass.

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International

World economy could still worsen: IMF

The global economy could still worsen and consumer demand is unlikely to recover as strongly as it has in the past, a senior IMF official said Tuesday. The International Monetary Fund is concerned about "downside risks" to the economy, said the Fund's first deputy managing director John Lipsky.

Norway enters recession
 The Norwegian economy has entered recession despite government efforts to offset the impact of the global economic downturn by spending an increased share of oil revenues, official data showed Tuesday. Norway's mainland GDP, which excludes the oil and gas sectors and the shipping industry, shrank 1.0 percent in the three months to March after a 0.8 percent decline in the final quarter of 2008, with recession counted as two consecutive quarterly figures showing a contraction.

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Shrimp exports to EU suspended for 6 months

SOHEL PARVEZ and QUAZI AMANULLAH

Exports of fresh water shrimp, second biggest foreign currency earner, to the European Union face a suspension for the next six months in the wake of cancellation of more than 50 consignments to the region due to the detection of health hazardous antibiotic-nitrofuran since January this year, officials said yesterday.

"It's a voluntary restraint by the exporters who have agreed not to export fresh water shrimp until resolution of the problem," said a top government official who attended an inter-ministerial meeting on the issue yesterday.

The meeting, also attended by stakeholders of the shrimp industry, was held after buyers from the EU area detected presence of nitrofuran antibiotic in more than 50 consignments of fresh water shrimp (Galda) exported from Bangladesh.

The total value of the consignments stands around more than Tk 60 crore, exporters said.

"We have taken decision of not

exporting galda (fresh water shrimp) to European Union for the next six months. But we will continue exporting other shrimps to this region," Kazi Shahnewaz, acting president of Bangladesh Frozen Foods Exporters Association (BFFEA) told The Daily Star.

Shahnewaz said the halt to galda exports to the EU will be effective from June 1.

He, however, claimed that that the move would not hurt the sector in the long run.

Officials at the Ministry of Fisheries and Livestock Ministry said the decision will be effective with immediate effect and no new application for export of fresh water shrimp to the EU will be accepted.

Exports of salt-water shrimp or bagda will not fall under the suspension move, officials claimed.

The latest move of halting exports came as a pre-emptive measure to avoid any sanction by the EU authority.

After registering a growth of 3.64 percent in the fiscal year 2007-08, exports of frozen foods, mainly shrimp,

now faces a slack period as the global financial meltdown bites demand.

Export from the sector fell by 13.01 percent to \$355.67 million during July-March of the current fiscal year from \$408.87 million a year ago.

Stakeholders said the health hazardous element comes from feeds, although the use of nitrofuran is prohibited in Bangladesh, with some suspecting that the element is coming through illegal channel of trade.

"We have agreed in principle to suspend export of fresh water shrimp for the next six months," said Maqsudur Rahman, the BFFEA vice president.

Maqsudur said exporters will strengthen their monitoring activities as well as initiating awareness campaign among farmers to encourage them to avoid using feeds having nitrofuran.

A foreign consultant is expected to be assigned for investigation into the source of contamination. Steps will also be taken to examine the water and soil of the shrimp farming areas, officials said.



Shrimp, the second biggest foreign currency earner

STAR/FILE PHOTO

Call to raise domestic demand

RJAUJ KARIM BYRON

Although the performance of the country's external sectors including remittance and export is still strong, exporters and economists have warned that the sectors will soon feel the negative impacts of the global financial meltdown.

The economists said to avert the recession fallout, measures should be incorporated in the next budget for increasing domestic demand to create employment.

Current account balance in the first eight months (July-February) of this fiscal year increased by 17.2 percent and stood at \$816 million against \$299 million in the same period of the previous fiscal year.

A central bank high official said although growth fell in the recent months, the overall remittance and export performance is still satisfactory, leading to an improved current account balance.

The foreign currency reserve has crossed \$6 billion, and on May 12 it stood at \$6.29 billion.

But warning bells have begun to ring from different corners that the external sector may face setback.

The World Bank in its recent report released last month said: "There are a number of worrying signs."

Export volatility appears to have increased with growth rates fluctu-



The file photo shows migrant workers returning home at ZIA in Dhaka. Economists warn that the global recession will take a toll on remittance.

ating widely, buyers are pressing for higher discounts, orders are being deferred and the threat from competitors to Bangladesh in traditional apparel markets has become stronger, the WB said.

Research Director of Bangladesh Institute of Development Studies (BIDS) Zaid Bakht said if the export or remittance drops, employment has to be created for the expatriates who would return home or those who would lose job owing to slowdown in exports.

He also said the government is probably going for an aggressive expansionary fiscal policy. A big-size budget is going to be presented. It would increase government expenditure, which in turn will increase domestic demand, he added.

In the first eight months of the current fiscal year export grew by 15.90 percent, which was 11.10 percent in the same period last fiscal year.

However, Bakht said there is a risk factor. If the revenue earning does not increase, government borrowing will go up and so will inflation.

He suggested that revenue earning should be increased and emphasis should be given to quality expenditure.

Trade deficit was 60 percent last fiscal year over the previous year but in July-February period of the current fiscal year it went up by 15 percent. In the eight-month period the amount of trade imbalance was \$3,560 million against \$3,087 million in the same period of the last fiscal year.

In the first eight months of the current fiscal year export grew by 15.90 percent, which was 11.10 percent in the same period last fiscal year.

However, in the same period import grew by 15.55 percent against 21.02 percent in the corresponding period of last fiscal year.

Another major cause of a healthy current account balance is strong remittance growth.

In the last 10 months of the current fiscal year, remittance growth was 22.70 percent. In the period remittance inflow was \$7,890 million against \$6,430 million last year.

Around 63 percent remittances come from the Middle Eastern countries.

Industry insiders anticipate that the impact of the global financial crisis in Saudi Arabia and other Gulf Cooperation Council (GCC) countries will lead to restrictions on foreign workers and visas.

Bangladeshi think-tank Refugee and Migratory Movement Research Unit forecasts that the country may also face decline in remittance inflows from the UK and US.

Recent WB projection paints a grim picture for Bangladesh's exports, while Bangladesh Garments Manufacturers and Exporters Association said export orders of RMG products declined.

However, both the price and volume of non-RMG products are falling, said Export Promotion Bureau.

In the July-March period of the current fiscal year export of pharmaceutical products fell by 15.92 percent, raw jute 19.62 percent, jute goods 17.98 percent, and electronics by 56.90 percent.

Rahimafroz to start carbon trading

SAYEDA AKTER

Rahimafroz will start commercial carbon trading from May 2010 for the first time in the country by achieving carbon emission reduction (CER) standard with an aim to earn \$100 million a year.

"Carbon trading will provide monetary reward and facilitate the focus to reduce emission in every activity in our economy and bring the country to the global carbon commerce market worth \$100 billion," said Munawar Misbah Moin, managing director of Rahimafroz Renewable Energy Ltd.

"We are optimistic about earning \$100 million a year from the global carbon commerce market. This will also help the country's role in addressing global warming and climate change issues," he added.

Bangladesh Carbon, a clean development mechanism (CDM)-based carbon trading service of Rahimafroz Renewable Energy and Carbon Planet, an Australian company, yesterday signed an agreement in this regard.

Munawar Misbah Moin, managing director of Rahimafroz Renewable Energy, and Haris Chaudry, director (Carbon Commerce Division for Asia and Africa) of Carbon Planet, signed the deal.

Moin said initially the project design document of CER is to be submitted to the government for approval and then Designated Operational Entity, a UN-approved agency, will validate it.

The CDM Executive Board in Geneva, Switzerland, then registers the project.

Currently, there are two companies -- Bangladesh Centre for Advanced Studies and Waste Concern BD -- working with CDM projects in the country. Another 2 projects are under validation from CDM Executive Board.

Md Mostafizur Rahman, state minister for environment, said the government would consider a public-private partnership to promote carbon trading in near future.

Dr Justin Lee, Australian high commissioner, and Feroz Rahim, group managing director of Rahimafroz, were also present at the agreement-signing ceremony. sayeda@thecitizen.net

Banks lending to women entrepreneurs to get incentives: BB

STAR BUSINESS REPORT



Dr Atiur Rahman

Bangladesh Bank (BB) plans to offer special incentives for private banks that would disburse large sums of loans to the agriculture sector and women entrepreneurs, the BB governor said yesterday in Dhaka.

Additionally, banks that would not disburse adequate loans to those sectors, as instructed by the BB, would be discredited, Dr Atiur Rahman told a seminar on "Budget Aspiration for Women Entrepreneurs 2009-10".

Rahman said, "We want to disburse loans to women entrepreneurs and some other areas as tools for the CAMEL (capital, asset, management, earning and liquidity) rating for banks. So, the banks that would not follow instructions would have poor rating scores".

BB will increase its vigilance on the poor performers in the CAMEL rating, he added.

To increase the share of women in the upcoming budget for 2009-10, he also suggested women entrepreneurs persuade the government to create scopes for them in the budget, especially in Public Private Partnerships (PPP).

In the discussion, the Bangladesh Women's Chamber of Commerce and Industry (BWCCI) urged the government to make a special allocation of Tk 100 crore for women entrepreneurs to facilitate them. BWCCI organised the seminar.

"A country cannot develop, if 25 percent of its entrepreneurs are not women. As women entrepreneurs lack adequate liquidity and banking support, it is vital to allocate separate funds for them," said Selima Ahmad, president of BWCCI.

Sharing her experience on obtaining a bank loan, Rahela Pervin Shishir, an entrepreneur in the printing sector, said, "When I approached a bank after the BB instruction on funding women entrepreneurs, the bank officials told me that a bank would not be regulated by the central bank, but rather by its board of directors."

Speaking at the function, Tarana Ahmed, proprietor of CNG World, urged the government to provide loans to women entrepreneurs against work orders.

Bar on tax holiday slammed

STAR BUSINESS REPORT

Chairman of the parliamentary standing committee on the finance ministry AHM Mostafa Kamal yesterday criticised Finance Minister AMA Muhiith for opposing the tax holiday.

"The tax holiday is required for industrialisation. We cannot cancel it because of any misuse," Mostafa Kamal told a roundtable on "Upcoming National Budget: Future Bangladesh", organised by the Bengali daily Inquilab at its office.

He said: "We have to make compliance and monitoring more strict, not stop the facility."

Muhiith said on many occasions that there would be no new tax holiday in the upcoming budget. He, however, said the enterprises that are already enjoying the facility, would continue to do so for a specific time.

Kamal, widely known as Lotus Kamal, also disapproves with the immediate past finance adviser Dr AB Mirza Azizul Islam, for opposing the tax holiday.

The statement that there will be no new tax holidays is irresponsible," the chairman of the parliamentary body remarked.

FBCCI President Annisul Huq also supported Kamal's position on continuation of the tax holiday.

Business leaders favour PPP funds



A view of a 22-megawatt power plant set up by a private company, Dorin Power Generation and System Ltd, in Tangail. Chamber leaders and businessmen think the concept of a public-private partnership budget is encouraging, as the local investors would have opportunities to participate in the development of infrastructures such as setting up power plants for smooth running of businesses.

REFAYET ULLAH MIRDHA

Chamber leaders and businessmen think the concept of a public-private partnership (PPP) budget is encouraging, as the local investors would have opportunities to participate in the development of infrastructures for smooth running of businesses.

Finance Minister AMA Muhiith in his pre-budget parleys with different stakeholders, including FBCCI and MCCI, made an assurance that a substantial amount of fund would be earmarked for PPP in the upcoming budget to execute power and other uplift projects.

"We can at least start a few projects under the PPP fund to see whether the option is feasible or not," He said. "In some cases, the</