Emirates' net profit doubles in first half

STAR BUSINESS DESK

THE Emirates Group yesterday announced its half yearly results, which remain robust despite continued global economic pressure and high fuel prices.

The Group posted $575 million net profit for the first six months of its current fiscal year that ended on September 30, up 68 percent from $343 million from September 30 last year, said a statement.

"The Group's half-yearly performance is the result of hard work and our drive to stay on course and continue to grow despite the precarious marketplace," said Sheikh Ahmed bin Saeed Al Maktoum, chairman and chief executive of Emirates Airline and Group.

"We have continued to invest in the infrastructure of both Emirates and dnata and it continues to pay off," he said.

In the first half of the 2012-13 fiscal year, the airline's net profit was $464 million, up 104 percent from $228 million in the same period last year.

"Emirates remained focused on its growth and global expansion despite the ongoing fluctuating exchange rates and ever lingering high fuel prices which accounted for 39 percent of our expenditures, down 2 percentage points from last year," said Sheikh Ahmed.

"The instability in the market over the past six months has put Emirates to the test, and once again we have risen to the challenge, our results speak for themselves," he said.

HIGHLIGHTS (HALF YEARLY)

Profit of Emirates Airline rose by **104**pc to $**464**m

Profit of the Emirates Group increased by **68**pc to $**575**m

Dnata earned $**1**b in revenues

Revenue from Dnata's airport operations rose by **4**pc to $**324**m

The number of aircraft handled by Dnata is up by **5.6**pc to **130,684**

Dnata, the ground handling arm of Dubai's Emirates Group, continues to grow internationally and reinvest in the global business infrastructure.

Dnata's revenue including other operating income is $1.1 billion, 9 percent higher compared to $968 million last year.

This is the first time in Dnata's 53 years of history that the company achieved $1 billion in revenues in six months.

Revenue from dnata's airport operations rose by 4 percent to $324 million, thanks to increased volumes at Dubai and Singapore airports.

The number of aircraft handled by dnata also increased to 130,684, up by 5.6 percent.

Dnata includes Dnata Airport Operations as sole operator at Dubai International Airport and Dnata Agencies, the largest travel agency in the Middle East.

Demand for better infrastructures at land port in Haluaghat

AMINUL ISLAM, *Mymensingh*

COAL importers at Gubrakura-Karaitali land port in Haluaghat of Mymensingh want immediate infrastructure development of the port to facilitate more import and export.

They also stressed the need for quick construction of the Karaitali-Gubrakura connecting road to ease port activities.

Shipping Minister Shahjahan Khan inaugurated the port on September 15, but trade has not yet got pace there due to a lack of infrastructure facilities, local businesses said.

Earlier, Gubrakura and Karaitali were used as two separate land customs stations only to import coal from India since 1990s.

The minister spoke of a 'Master Plan' for the infrastructure development and other necessary establishments of the ports, for which 23 acres of land were acquired.

Local businessmen said they are eagerly waiting to find the plan implemented soon for the sake of the port.

"The port generated Tk 48 crore in revenue in 2011-12, and the amount will increase manifold if the port becomes fully functional," said M Suruj Miah, president of Karaitali Coal and Coke Importers Association.

Along with export and import, immigration, corridor and border haat facilities should also be introduced at the port to give a boost to its earnings, he said.

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Workers unload coals imported from India at Gubrakura-Karaitali land port in Haluaghat upazila in Mymensingh. Local businesses call for developing the port's infrastructure soon to give a boost to its earnings.

"We are trying to export different items to India, including garments, cement, brick, dry fish and mosquito nets and, we are looking for prospective clients."

Nearly 16,000 jobs will be created with a fully operational port, where presently around 7,000 people work, industry insiders said.

Haji Osman Ali, secretary of Karaitali Coal and Coke Importers Association said: "Some 700 importers are engaged in coal import at Karaitali and Gubrakura LC stations now, which will increase with an expanded port."

The land port, only 174 kilometres away from Dhaka, will attract businesses from all over the country, said Ashok Kumar Apu, joint secretary of Gubrakura Importers' Group.

The government now earns revenue from coal imports during the December-May period only from the land port, Apu said.

"This will increase manifold, if immigration services were introduced with a fully functional trading port," said a customs official of the port seeking anonymity.

The land port will also ease travel to many Indian regions, including Meghalaya, Assam, Tripura, Arunachal and West Bengal, he said.

How long can Bangladesh float on its gas fields?

KINGSHUK NAG

THE quest to obtain a piece of land has been for centuries the most popular and possibly the only way to obtain wealth. If I was to rewind my life to the age where I wore the ubiquitous half pants as uniform, I remember history books filled with the conquests of emperors like Napoleon Bonaparte to the very recent East India Empire going great lengths to expand their kingdoms.

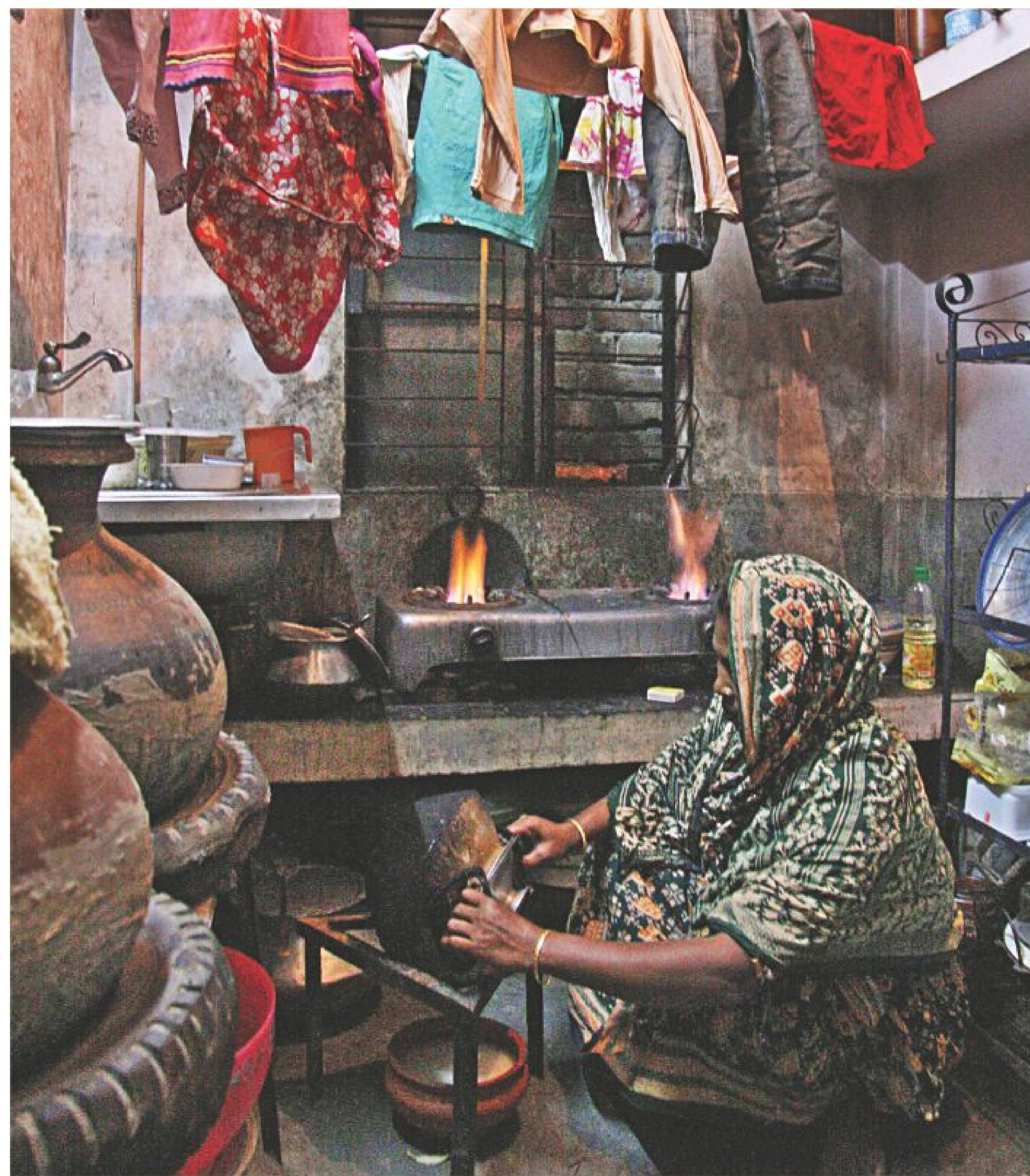
The most common way of expanding their powers was to enhance their territories by taking over huge tracts of land and retaining them until Lady Luck deserted them for a new emperor who would renew the process of land ownership to expand the size of his empire. By the mid 20th century, almost all available land was demarcated and the size of each country is now determined by the land mass it covers.

However, these days it is not the land but the seas that are stirring up trouble among countries. As the world economy continues to grow, so does the demand for energy resources and resources obtained by tearing the land surface have witnessed massive depreciation at an alarming pace.

The most viable alternative that remains for energy starved countries is to look at the seas beside their territories but with countries intertwined with each other, division of seas remains the most complicated equitable sharing formula yet to be discovered. It's not only the seas but also the airspace that has been subject to acquisition and therefore in the mad race to gaining rights over land, sea and airspace, countries as small as Bangladesh are vulnerable in catching the bus late.

On March 14 this year, Bangladesh for a change made no qualms in being at the driver's seat of the bus slated to reach its destination successfully by wining a legal battle against Myanmar over its territorial waters. This landmark court ruling has permanently erased any doubts in fishing and oil exploration rights in the EEZ (Exclusive Economic Zone) spread over 200 nautical miles in the Bay of Bengal.

As a customary norm, the ruling parties have celebrated our win amid much fanfare and also scored important points ahead of the impending elections. The premier of our country termed the win as the most important victory after gaining independence and surely no other sporting event, natural disasters or political upheavals has been able to put us on the news bulletin of global broadcasters for more than a couple of minutes.



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A woman is drying clothes on top of her gas stoves. Bangladesh is heavily reliant on gas production and with its current output, consumption outweighs production.

For a change, the popular phrase "Bangladesh floats on gas" has resurfaced again and to top it all, we have resorted to our centuries old habit of drying our clothes on top of our gas stove. As proud Bangladeshis, we must congratulate a certain Navy Rear Admiral (retd) Mr Khurshid Alam, the man behind our historic win in reviving our habit that faced imminent extinction.

The worrisome sign that has been a constant itch to many of us is that over six months have passed since Bangladesh resolved its overlapping territorial waters dispute from Myanmar and still we are languishing in a economy bereft of a worthy energy plan to leave the fossil fuel era behind us.

Bangladesh is heavily reliant on gas production and with its current output; consumption outweighs production by over 500 mmcfd. At present, state-owned Petrobangla in order to counter the shortage has unveiled a new production sharing contract (PSC) with the various gas exploration companies wherein more than 70 percent higher price will be paid to them upon domestic sale of oil and gas.

In the new PSC 2012 Model, Petrobangla will get no less than 55 percent of profits that can go as high as 80 percent depending on production levels for natural gas and is 5 percentage points higher for oil or condensate.

In addition, Petrobangla is planning to roll out the brightest carpets to global energy companies to bid for 12 new offshore blocks later this year with its new PSC in an effort to entice multinational energy giants.

The US Administrators have included Bangladesh as a stopover destination more often now instead of the usual and rare courtesy visits. A recent example of Hillary Clinton choosing to visit Dhaka on way to Kolkata in her revamped itinerary stress the importance of the geo-strategic importance of Bangladesh post the ITLOS event.

Two of the largest US energy companies have a sizeable stake in Bangladesh's vastly untapped Bay of Bengal region and with their combined global revenue amounting to half of India's GDP; it surely isn't good signs resting the energy security of our country completely at the hands of these bottom-line driven mammoths.

PSC 2012 Model is a marked difference from the 2008 Model wherein only one successful PSC was signed although 28 offshore blocks were offered. This time increased incentives have been incorporated to lure the International Oil Companies (IOC) wherein higher share and higher prices will be offered with an option to sell its discoveries to third parties.

The problem, however, lies in the grim reality of being dependent on a foreign oil producer and until we build Petrobangla into a lesser cousin of Sinopec or ONGC Videsh , Bangladesh will continue to compromise on its virgin oil and gas blocks.

Sinopec and ONGC, brainchild of two of the roaring Asian economies, today have curtailed energy dependence on foreign oil companies in their countries of origin by a significant margin. To put that into perspective, ONGC produces so much oil that India's one third demand is met from this Fortune 500 Company.

On the other hand, Sinopec founded in 2000, today is the world's sixth largest company by revenue alongside the likes of its much heralded American peers.

Bangladesh needs Petrobangla to engage into deep-sea exploration on its own with adequate infusion of capital, technology and trained human resources for us to be more energy independent in the future.

Many opponents believe that oil exploration could lead to no discovery at all and could result in huge investment loss. An alternate strategy to invest in oil and gas blocks in other countries in cooperation with other global giants could be more successful as in the case of ONGC Videsh that has more than a dozen oil and gas projects in an equal number of countries.

The unabated fissure between the state-owned Petrobangla and major foreign oil producers in terms of technical knowhow, inadequate capital flow and little consensus puts Bangladesh on an uncertain dark alley with our emerging Asian peers set to parachute into a cleaner energy future.

It's, however, certain with every new PSC; we might gain in the short term but certainly stand to lose in the longer term.

The writer is a banker and can be reached at kingshuk_nag001@yahoo.com

Dismal trade, production data deepens fears about Indian economy

REUTERS, *New Delhi*

INDIA'S economic gloom deepened on Monday with a surprise contraction in industrial production, a fall in exports and higher retail inflation, dashing hopes of a quick revival in an economy on track to post its slowest growth in a decade.

The data will add pressure on the government to boost economic growth by fast-tracking stalled tax and regulatory reforms. It will also bolster calls for an interest rate cut by the country's central bank, which has so far ruled out any before January, citing high inflation.

Two of the country's biggest business chambers expressed alarm at the data, which caused the rupee to fall to a two-month low. They said it was clear that the slowdown in manufacturing growth had not yet bottomed out.

"At this juncture, it is important that government does not lose momentum on the reform front and needs to take courage now to implement some big ticket reforms," said R V Kanoria, president of the Federation of Indian Chambers of Commerce and Industry.

The data underscored the scale of the challenges facing Prime Minister Manmohan Singh in trying to revive an economy that once boasted double-digit growth but has been hard hit by the global economic downturn and a series of policy missteps.

Credit Suisse said India's October trade deficit of nearly $21 billion was the country's worst on record and could prompt the government to impose measures to curb the deficit, such as further increases in import duties on gold.

Industrial production unexpectedly shrank an annual 0.4 percent in September, according to the Central Statistics Office (CSO). That came as a nasty surprise to economists who had forecast a rise of 2.8 percent in a Reuters poll.

Analysts had hoped India's festival season, which began in September and will peak this month, would boost sales.

Production of consumer goods fell 0.3 percent in September from a year earlier. Capital goods, a proxy for capital investment in the economy, shrank an annual 12.2 percent.

"Investment plans have slowed down. It takes a long time for investment plans to pick up again," said Montek Singh Ahluwalia, deputy chairman of India's influential Planning Commission.

Finance Minister P. Chidambaram told Reuters earlier this month that growth for this financial year could be as low as 5.5 percent, which would be the slowest rate of expansion since 2002/03.

Delays in environmental and other regulatory clearances, coupled with high interest rates, have hurt many industrial and infrastructure development projects.

The government has launched a slew of initiatives, including raising subsidised diesel prices and opening sectors like supermarkets to foreign players to revive the economy.