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## Privatisation body seeks govt advice on Rupali deadlock

Saudi buyer's cut price offer seen as 'breach of norms'

JASIM UDDIN KHAN

The Privatisation Commission has termed the latest cut price offer for Rupali Bank by Saudi Prince Bandar as a 'breach of international norms' and asked the Chief Adviser for guidance on how to deal with the present deadlock.

On Sunday it emerged that Prince Bandar Bin Mohammed Bin Abdulrahman Al-Saud is proposing to cut the amount he is willing to pay for the state's 93 per cent stake in Rupali Bank from US\$458 million to just US\$185 million.

The prince justified the reduction on the grounds that the level of lending and bad debts held by the bank were much higher than he had previously been told.

In response the Privatisation Commission has now written to the Chief Adviser asking for his directive on the matter.

In the letter the commission termed the latest proposal to slash the price from that given in the internal bidding prices as 'a breach of international norms.'

Among the options included in the letter is that the commission gives prince Bandar notice that the government is prepared to discontinue the sale process. Such a notice would give the prince two weeks to reply.

The commission also informed the Chief Adviser that after the two-week period the prince will be liable to forfeit the US\$100,000 in security money paid to the

Privatisation Commission.

Sources at the Chief Adviser Office (CAO) said the government may examine the reason why the commission only took US\$ 100,000 in security money from the prince.

"According to the Privatisation Rules, the government can take about 2.5 percent security money in such a big international selling," the official added.

The prince made his new offer in a letter to General Moeen U Ahmed, Chief of the Army Staff. In the letter the prince said he wants to take over the bank 'immediately' and to sign a sales-purchase agreement and make payment before the end of December.

The prince also heavily attacked the conduct of the Privatisation

Commission and the finance ministry during the sale process that he said had 'been riddled with discrepancies and insidious undercurrents.'

The Saudi prince won two separate bids in a two-year term long process to take over 93.26 percent government-held shares of the bank in exchange for over US\$ 458 million, while the rest of the shares remain as public issues.

The government decided to privatise state-run Rupali Bank as part of the financial reform and banking sector modernisation. The Privatisation Commission invited bids from seven selected organisations listed through a scrutiny from among those interested, both from home and abroad.

## Ctg chamber urges govt to cancel Rupali Bank sell-off process

STAFF CORRESPONDENT, Ctg

Chittagong Chamber of Commerce and Industry (CCCCI) yesterday urged the government to cancel the Rupali Bank sell-off process.

The chamber also requested the government to leave the idea of selling the bank to any foreign individual or group.

In a fax message to the chief adviser, CCCI President Saifuzzaman Chowdhury termed the sell-off process a complicated, lengthy and non-transparent one.

Instead the CCCI president called for handing over 50 percent of the bank shares to the private sector.

## Lafarge buys Orascom Cement

AFP, Paris

Lafarge, the world's top cement-maker, said Monday it will buy Egypt's Orascom Cement for 8.8 billion euros (12.9 billion dollars) in a deal that boosts the French company's position in the booming Middle East construction sector.

"The acquisition of a leading Egyptian group is a decisive opportunity to accelerate our profitable growth strategy in cement in emerging markets," said Lafarge chairman and chief executive Bruno Lafont.

The Lafarge share price shot up on the Paris stock exchange after the deal was announced. It was the CAC 40 index's top winner, up 10.71 percent by midday at 119.20 euros.

The deal, which Lafarge said it would complete by the first quarter of 2008, means that 65 percent of Lafarge's income will come from emerging markets in 2010 against 45 percent this year, Lafont said.

The company will do more deals in high-growth emerging markets in the coming years, he added.

Lafarge said it would finance the deal with 6.0 billion euros in debt and a 2.8-billion-euro capital increase reserved to Nassef Sawiris, Orascom's chief executive and majority shareholder.

## Europe splits over anti-dumping shake-up

AFP, Brussels

A planned revamp of the European Union's trade defence arsenal has sparked a fierce battle over how to deal with the growing number of EU companies shifting production to lower-cost countries like China.

EU Trade Commissioner Peter Mandelson wants to shake up the bloc's anti-dumping rules to better reflect the interests of European companies producing abroad as well as consumers and retailers in Europe.

Although he has not even brought out any formal plans, the mere whiff of reform has alarmed countries like France, Germany, Italy, Spain and Portugal, who fear it would weaken anti-dumping defences supposed to protect companies producing in Europe.

"You can't just ignore traditional industry in regions that suffer from the consequences of globalisation and offshore production," one member of the Commission said on condition of anonymity.

"The British don't have any industry any more in their country so they don't care, they think everything is services," the official said.

Despite the opposition, Mandelson can count on support from other traditionally more free-trade friendly countries such as Britain and the Scandinavian countries.

Amid such divisions, Mandelson has been forced to return to the drawing board, repeatedly delaying their publication, now due in January.

Mandelson warned last week that to "respond to barriers with barriers of our own", Europe ultimately shoots itself in the foot since so many European companies have manufacturing operations abroad.

"It doesn't make economic sense, not least because Europe has the world's longest and most sophisticated supply chains, and a barrier that protects one part of European industry can easily hurt another," he added.

## SEC cleared to dissolve boards of truant firms

STAR BUSINESS REPORT

The stock market regulator will once again be able to dissolve boards of directors of listed companies that do not hold annual general meetings and declare dividends following a new court ruling.

The Securities and Exchange Commission (SEC) will also be able to constitute a new board of directors of a company belonging to Z category for a continuous period of one year or more on the stock exchanges.

The SEC has got the power back, as the High Court last week vacated a previous stay order on effectiveness of an SEC notification through which the regulator can dissolve and constitute a new board.

"We are yet to receive copy of the court order. After getting the

court's verdict we will start our initiatives to implement the notification," said Faruq Ahmad Siddiqi, chairman of SEC.

In 2002, the SEC issued the notification for the companies belonging to Z category.

According to the notification, the companies of Z group would be given six months time to overcome their problems. In default, the SEC would dissolve the boards of directors and constitute new boards by involving the general and institutional shareholders. The new boards would be provided 24 months time with all necessary supports to run and improve the situation of the companies. If the new boards fail to do so, the companies would be given six months time for liquidation.

Following the notification, the

stock market had seen positive changes with a good number of Z group companies holding AGMs and announcing dividends for the shareholders regularly.

But, the effectiveness of the notification was suspended upon a writ petition filed by a company.

As of November 29 this year, out of total 350 securities there were 93 securities belonging to the Z category on the Dhaka Stock Exchange (DSE).

Market insiders said companies belonging to Z group were mostly from manufacturing sector. Although a few of these labour-intensive companies have real problems, most of them have been consistently showing losses in their balance sheets, they said.

They said the companies' conditions are not so bad as they claim.

## Cellphone re-registration deadline extended until Feb 16

STAR BUSINESS REPORT

The telecoms regulator yesterday issued an order for re-registration, giving millions of mobile users another two months to come under the process.

The Bangladesh Telecommunication Regulatory Commission's (BTRC) deadline for re-registration expires on December 16. But the telecoms watchdog relaxed the deadline following a request of mobile phone operators.

"We received a letter today from BTRC," said a high official of a leading telecoms operator, adding the letter said the deadline is extended until February 16.

Earlier in July BTRC issued an order to Grameenphone, AKTEL, Banglalink, CityCell and Teletalk to re-register customers who bought connections before February 28, 2006. According to mobile phone operators, 10 million customers need to re-register.

But just before five days before the current deadline is to expire, the mobile operators urged the government that the timeframe should be extended as re-registration activities hampered in the Sidr-affected South-West region.

The BTRC's first deadline, October 16, expired with only 25 percent of the affected customers re-registering. This prompted the BTRC to extend the deadline to December 16. But telecoms operators were not satisfied over the rate of re-registration as they said complex documentation process also delays the process.

## Negotiations complete for \$62m IDA farm sector credit

UNB, Dhaka

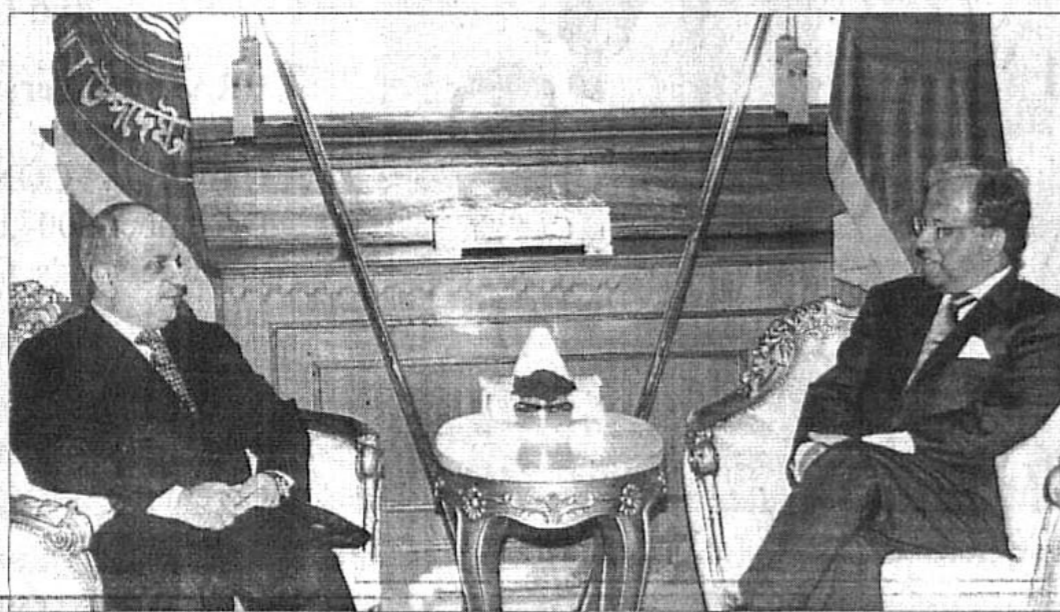
The government yesterday successfully completed negotiations with the World Bank for a \$ 62.6 million interest-free credit from the International Development Association (IDA) for the agriculture sector.

As planned, the loan from the multilateral donor agency's soft-lending window is aimed at increasing agricultural productivity and farm income by improving the performance of the national agriculture-technology system.

Shahidul Haque, additional secretary of the Economic Relations Division, and Paul Sidhu, WB task team leader, led the government and the IDA delegations at the two-day negotiations that began here on Monday.

The estimated cost of the project is \$ 84.6 million, of which the IDA will provide 62.6 million. The credit has 40 years to maturity with a 10-year grace period, and it carries a service charge of 0.75 percent only.

Another amount of \$ 19.4 million will come from the International Fund for Agriculture Development (IFAD) while government's own contribution will be \$ 2.6 million.



The visiting Omani Minister for Manpower Juma Bin Ali Bin Juma Al Juma made a courtesy call on Chief Adviser Dr Fakhruddin Ahmed at his office yesterday.

## MoU on hiring manpower from Bangladesh soon

Omani minister tells CA

UNB, Dhaka

Chief Adviser Dr Fakhruddin Ahmed said yesterday Bangladesh could be a strategic partner of Oman in terms of a great source of skilled and semi-skilled workforce, as the gulf country lifted a bar on recruitment.

He expressed the view when visiting Manpower Minister of Oman Juma Bin Ali Bin Juma Al Juma made a courtesy call on the Chief Adviser at his office. They discussed recruitment of manpower and exploring potential of trade, commerce and investment between the two countries.

The Omani minister apprised that they would soon sign a memo-

randum of understanding (MOU) with Bangladesh in Oman on recruitment of manpower.

At present, a huge number of Bangladeshi people are working in that country.

The Chief Adviser thanked and expressed gratitude for lifting the ban on visa of Oman for Bangladeshi workers in all categories.

The Omani minister appreciated Bangladeshi workers' performance in his country, and said they need skilled manpower in various professions like teacher, physician, engineer and technician.

Chief Adviser Dr Fakhruddin welcomed the opportunity, saying that it would be a "win-win situa-

tion for both the countries in terms of employment and economy".

He said the level of skill of Bangladeshi people is rising through various training and capacity-building programmes and the country has very high-quality professionals in various fields, including teaching, medical, engineering, IT, and nursing.

Both the Chief Adviser and the Omani minister emphasised exploring business and investment potentials and exchange of visits.

Overseas Employment and Expatriates Welfare Adviser Dr Iftikhar Ahmed Chowdhury was present at the meeting.

## DUTY-FREE ACCESS TO EU

# New rules 'catastrophic' for garment industry, knitwear makers warn

STAR BUSINESS REPORT

Local knitwear exporters yesterday attacked plans to change the rules governing duty-free access to the European Union, claiming it would have a 'Sidr' like effect on the local industry.

"After three or four years the impact of the change will be like that of a Sidr for the knitwear industry of the country," said Fazlul Hoque, president of Bangladesh Knitwear Manufacturers and Exporters Association (BKMEA), alluding to the recent cyclone, at a press briefing.

Under present rules garments made in least developed countries (LDCs) are given duty-free access to the EU if those are produced using local cloth or yarn. However, under new EU proposals this rule will be replaced by a condition that 30 percent of the products value be added locally. This will allow garment manufacturers to use cloth or yarn from abroad and still gain

duty-free access.

Fazlul said the proposals would be a 'catastrophe' because they would undermine the backward integration of the industry in Bangladesh, in which a thriving yarn and cloth sector supply the garment producers.

The EU proposal would not be viable for the Bangladeshi knitwear sector as it would encourage dumping by China, India and Pakistan who would export cheap cloth and yarn, he added.

He also warned that it would encourage China to set up at least 300 factories in Cambodia within next two years to take the opportunity of duty-free access.

Already Chinese investors are running 296 factories in Cambodia to bypass EU and US restrictions on readymade garment exports from China, he said.

"We think the main objective of giving duty-free access to the LDCs for maintaining 'sustainable development' by those countries will be

greatly hampered by the imposition of a 30 percent value addition criteria," the BKMEA president said.

The BKMEA will write to the EU to put forward its views and will seek a meeting with top EU officials in Brussels.

The BKMEA views echoed those expressed by the leaders of Bangladesh Textile Mills Association who on Monday said the condition demanding the use of local yarns and cloth for duty-free access should be retained for at least five years.

However the BKMEA attacked the yarn producers for increasing prices and monopolising the local market.

The BKMEA also said if the EU insisted on using the value added criteria, it should be increased to 45 percent of each items value. This would make it harder for garment manufacturers to use imported cloth and yarn and still qualify for duty-free access.

## German high-tech sector needs Asian talent

AFP, Berlin

Bernd Voelcker desperately needs programmers and sales managers for his software firm in Berlin, but he can't hire promising Indian or Chinese candidates because Germany's labour market has shut them out.

For his company Infopark, the situation is getting critical.

"In November, we had to refuse a contract for the first time," Voelcker said. "We are trying to farm out tasks and to get our clients to wait. They are not happy, but they accept because it's the same everywhere."

With 13 vacant posts of a total 80, Infopark is far from being an isolated case.

There are roughly 43,000 jobs going begging in new technology sectors and "losses can be calculated in billions," according to August-Wilhelm Scheer, president of the sector federation Bitkom.

Infopark and companies like it have made concerted efforts to attract qualified personnel.

"We pay well, there are bonuses, the atmosphere is nice and informal, and we have even thought of setting up a day-care centre," Voelcker said.

But owing to an unfavourable demographic trend and growing disinterest among German stu-

dents for scientific studies, the labour pool for programmers, telecommunications engineers and computer security specialists is emptying out.

"A near-term solution would be to allow, even stimulate immigration of highly qualified people," said Infopark's boss, who would like to hire programmers from India and China.

Scheer, meanwhile, calls for "minds of the world to come and help us."

Some European countries have taken initial steps to meet similar shortages.

France has approved, though not yet issued, work permits for specific talents or abilities to assist professional immigration.

At the European level, a "blue card" based on the US "green card" model is being developed to attract skilled workers from all over the planet, but is still some way from fruition and is opposed by German authorities.

In Germany, measures enacted early this decade specifically for high-tech sectors allow for limited immigration but are extremely restrictive.

Candidates must present a work contract with an annual salary of 85,000 euros (125,000 dollars), almost three times the 30,000-35,000 euros that Voelcker pays entry-level programmers.



K Mahmood Sattar

## New chairman of bankers' assoc

K Mahmood Sattar, managing director and CEO of The City Bank Ltd, has been elected chairman of Association of Bankers, Bangladesh Ltd for 2007-09 term.

Mahmood Sattar has 26 years of experience in banking sector both at home and abroad, says a press release.

The elected vice chairmen of the association are M Shahjahan Bhuyian, managing director (MD) of Prime Bank Ltd, Md Nurul Amin, MD of NCC Bank Ltd, and Khandker Fazle Rashid, MD of Premier Bank Ltd.

Neaz Habib, deputy managing director of United Commercial Bank Ltd, has been elected secretary general of the association.



Prime Bank Ltd opened its 58th branch on Ring Road in Dhaka on Monday. Chairman of the bank Azam J Chowdhury inaugurated the branch, while Managing Director M Shahjahan Bhuyian, among others, was present.

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