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No new BMW car sold in 2007

Anti-graft drive blamed for 'dull business'

MD HASAN

Not a single new BMW car was sold in Bangladesh in 2007 as the country's luxury car market collapsed in the face of the government's anti-corruption drive, officials at the sole distributor of the prestigious German brand said.

Executive Motors Ltd, BMW's local distributor, started to sell the vehicles in Bangladesh in 2003. The distributor sold 300 cars till December 2006. But with buyers frightened to show their wealth or be asked about income sources, the pool of potential customers has been reduced to zero.

"We delivered 300 different BMW cars till December 2006 to the local customers. But in 2007, we had no business," said a high official of the Executive Motors adding that "no BMW was sold last year."

Executive Motors imported BMWs from various model ranges where the prices vary from Tk55 lakh to Tk3.5 crore.

He said Executive Motors did not even open any L/C (letter of credit) after January 2007 to import BMW cars, as it did not receive any order from customers.

In fact, the company is still trying to shift the three BMWs it has had in stock for more than a year



PHOTO: INTERNET

The photo shows a BMW 7 series car. Luxury car buyers, frightened to show their wealth or be asked about income sources in the face of the government's anti-corruption drive, did not buy a single new BMW car in 2007, say officials of the sole distributor of the prestigious German brand.

with just one of vehicles is on display and gathering dust in the BMW showroom on the Tejgaon-Gulshan Link Road.

Mohd Ariful Azim, general manager (operation) said, "The customers of cars like BMW are not willing to buy fearing that they will face questions from the law enforcers."

Soon after assuming power the army-backed caretaker government launched drives against corruption and as many as 60

luxury vehicles, including Pajeros, Harriers, Porsches, BMWs, Toyota Prados, Lincoln, Lexus, Toyota Land Cruisers, Cadillacs and Infinites were seized. Some of them were found abandoned by roadside in different places across the country.

Azim said customers usually buy luxurious cars not for their day-to-day transportation.

"Our prospective customers were those who had cars, but were willing to buy luxurious ones to

keep status in the society," he said, adding "we missed that kind of people over the year 2007."

Talking to The Daily Star, M Salahuddin, president of Bangladesh Automobile Dealers Association (BADA), also termed the year 2007 as a historically 'dull' in terms of sell performance of luxurious cars in the local market.

According to him, in Bangladesh a total of 2500 new cars are usually sold a year. But in 2007 new car sales fell by 80 percent.

GP IPO plan won't be hurt

Market players say

SOHEL PARVEZ

Grameenphone will not face any legal barriers to floating its shares following the case filed against the largest cellphone operator and its former and in-service officials on charge of alleged involvement in VoIP business, market players said yesterday.

"It will not create any obstacle to initial public offer. The company needs to adequately disclose the matter as per public issue rules 2006," said Farhad Ahmed, executive director of the Securities and Exchange Commission.

Grameenphone, which has currently 16.48 million subscribers, is expected to go public by June this year, according to the Bangladesh Telecommunication Regulatory Commission (BTRC).

BTRC on January 16 filed the case against 10 former and in-service high officials including two former CEOs of Grameenphone.

"These [VoIP and IPO] are two different issues. I hope there would be no implication on the company's move to issue IPO," said BTRC Chairman Major General Manzurul Alam (retd).

GP's Chief Executive Anders Jensen however is upbeat on the company's IPO plan.

"These are historic issues and, as such, it does not restrain us from pursuing our business objectives including issuing of the IPO, subject to approval from the Grameenphone Board," Jensen told The Daily Star.

Yawer Sayeed, who helps manage about Tk 100 crore (Tk 1.0 billion) in funds at the AIMS of Bangladesh, said, "The valuation of Grameenphone's assets and other things would depend on the profitability and future earnings as well as probable penalty in the event of adverse ruling from the court of law or otherwise."

GP to launch external audit into illegal VoIP use

MD HASAN

Grameenphone will launch an independent external audit into the company's alleged involvement in illegal international call termination in order to get to the bottom of the scandal that has rocked the country's telecoms sector.

The move comes following a request from Grameenphone's major owner, Norwegian telecoms group Telenor, although GP has yet to appoint the external auditors.

In a statement to The Daily Star yesterday Esben Tuman, communications director of Telenor Asia, said, "Actions like the ones alleged in the BTRC filing are definitely not in line with Telenor's guidelines and codes of conduct."

"In order to look into this matter in a thorough manner, Telenor brought this topic to Grameenphone's Board of Directors in December 2007, and the Board decided to initiate an independent external audit," the statement said.

It was revealed on Sunday that Bangladesh Telecommunication and Regulatory Commission had filed a case against 10 former and in-service high officials including two former CEOs of Grameenphone on charge of their involvement in illegal international call termination or VoIP on January 16.

Grameenphone, AccessTel, a local ISP, and Malaysia-based international call carrier DiGi Telecommunications are also on the accused list.

"The case is still under investi-

gation, and we will have to see the outcome of the Bangladeshi authorities' investigation as well as the external audit initiated by Telenor and Grameenphone's board of directors before planning and implementing our actions," the Telenor statement said.

However, Tuman denied the alleged co-operation between Telenor, DiGi Telecommunication and Grameenphone over the international call termination.

"We do not recognize the alleged co-operation between Telenor, DiGi and Grameenphone as described in media reports the last day," Tuman said.

Talking to The Daily Star, Syed Margub Murshed, former chairman of BTRC, said, "Definitely it is unfortunate for the telecoms industry that majority mobile operators are allegedly involved in illegal VoIP."

"I should not comment on the VoIP scandal of Grameenphone since it is now under investigations. If investigation finds Grameenphone links with illegal VoIP, the authorities should take proper action," Murshed said.

During the eight-day raid starting from December 6, 2007, the RAB officials claimed that they had evidence that GP gave VoIP equipment to AccessTel to run illegal call termination business. The law enforcers found four circuits of EI technology that connected the GP line with the AccessTel's.

The DiGi Telecommunications has been accused as it has a bilateral deal with the GP to terminate the latter's international call.

Norway-based Telenor, the major

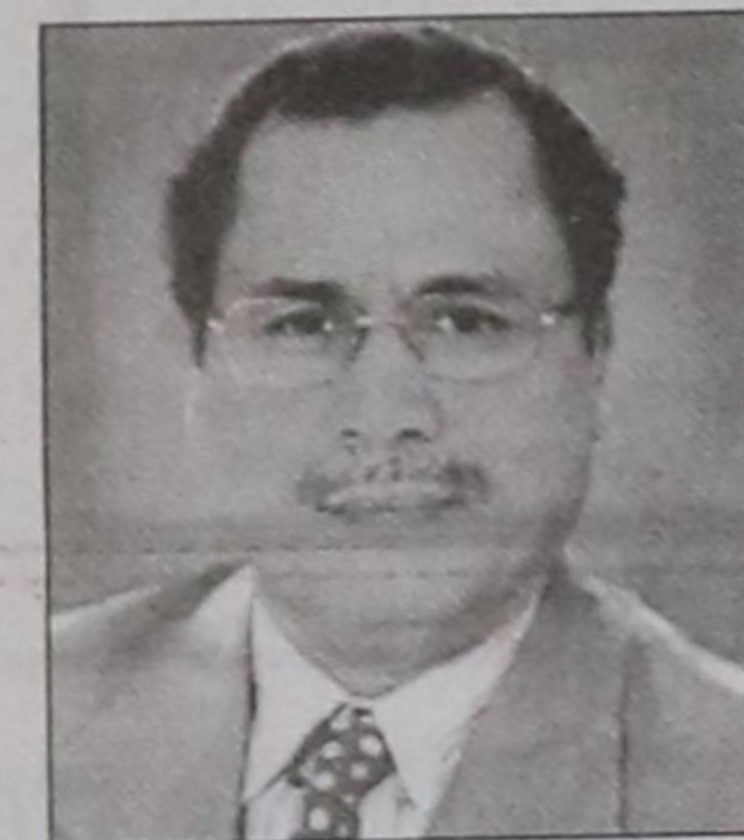


GP CEO Anders Jensen, who expresses his commitment to run the business of the company in a decent way.

stakeholder of Grameenphone, is also a shareholder of DiGi Telecommunication.

The two former CEOs -- Ola Ree and Erik Aas -- left the company in December 2004 and January 2007 respectively. According to the Telenor statement, Ree is now representing Telenor's representative office in Vietnam.

The present CEO Anders Jensen has expressed his commitment to run Grameenphone business in a decent way. He said, "We are co-operating to the full extent with the investigation. Grameenphone will always ensure legal and regulatory compliance in all aspects and act in a way consistent with our values and code of conduct."

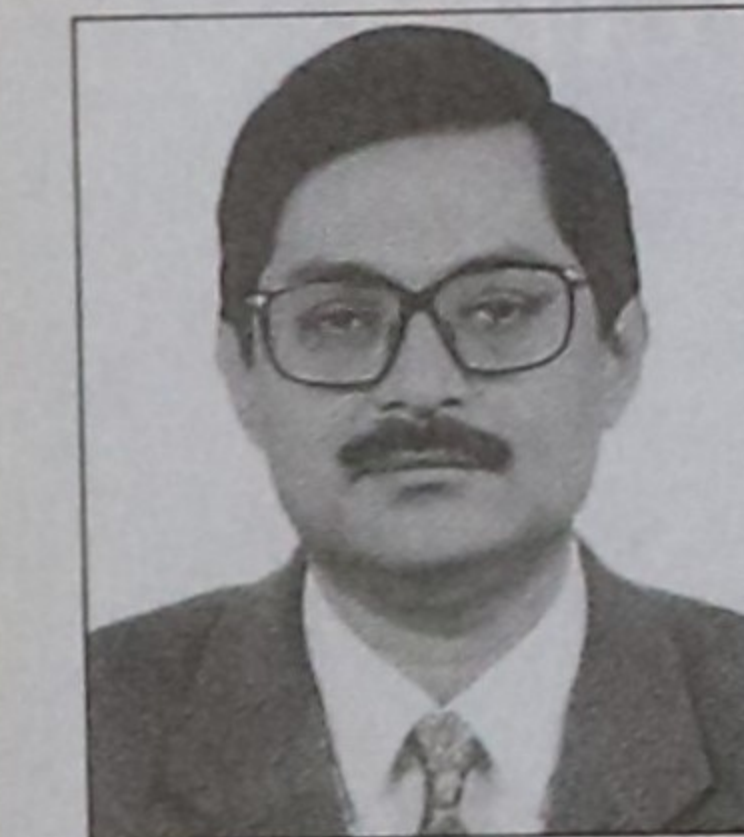


CEO of Sonali Bank

SA Chowdhury yesterday joined Sonali Bank Limited as chief executive officer and managing director, says a press release.

Prior to his new assignment, he was the chairperson of the Board of Directors of Bangladesh Krishi Bank (BKB).

Chowdhury also served BKB, Janata Bank, Jamuna Bank Ltd and Union Capital Ltd as managing director.



Janata Bank gets CEO

SM Aminur Rahman yesterday joined Janata Bank Limited as chief executive officer and managing director, says a press release.

Rahman, who started his career in 1976, also served Sonali Bank as managing director.

Rahman also worked in Rupali Bank Ltd as a general manager for a brief period.

Under the Enterprise Growth and Bank Modernization Project of World Bank, the government selected Rahman as the managing director of Janata Bank Ltd Sunday.

New DMD of NCC Bank

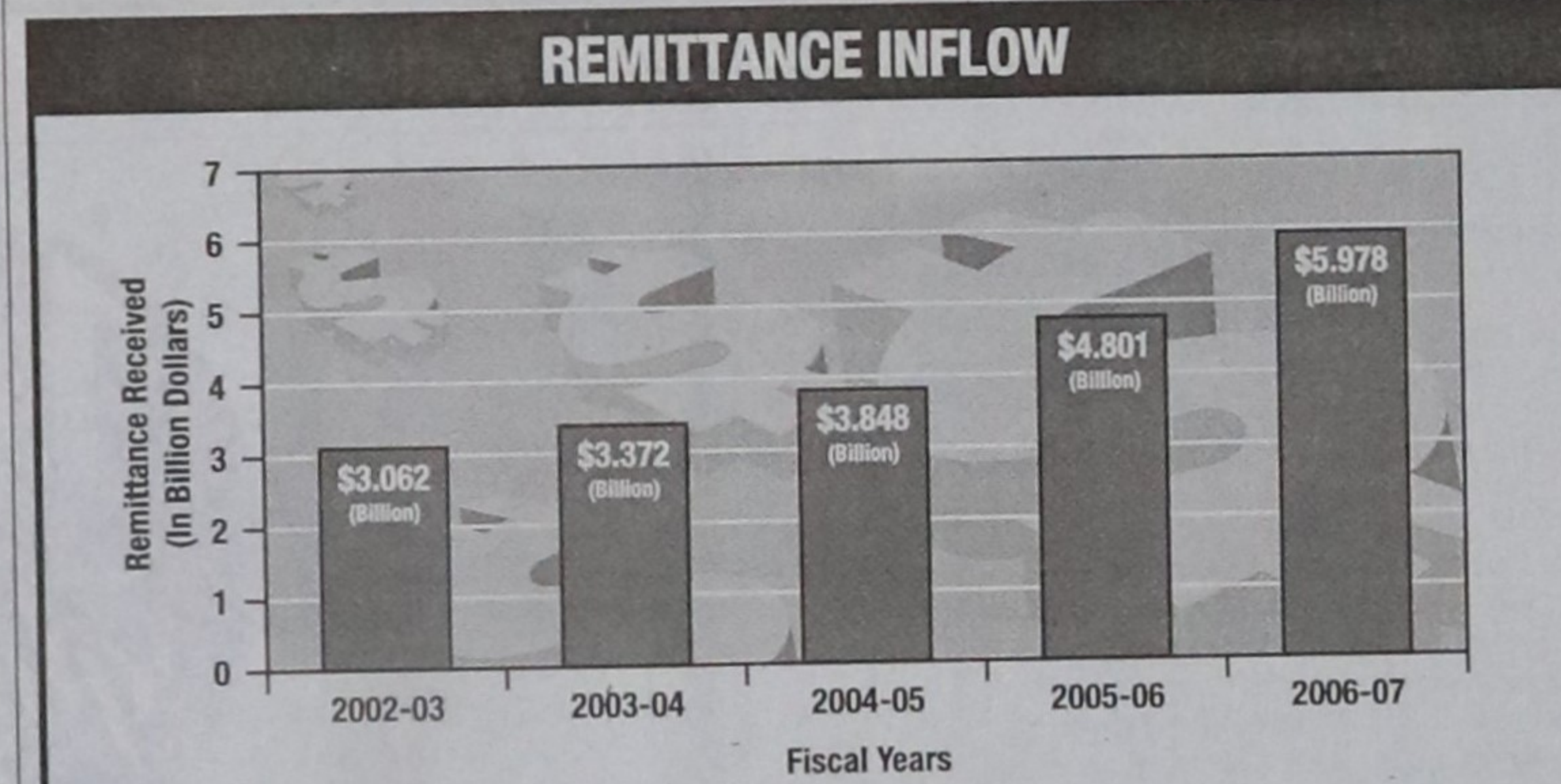
Golam Hafiz Ahmed has joined National Credit and Commerce (NCC) Bank Limited as deputy managing director,

says a press release.

Earlier he was the senior executive vice president and head of marketing and corporate services of Dhaka Bank Limited.

Ahmed started his banking career as a senior officer with Pubali Bank Limited in 1983.

Western Union teams up with postal deptt for easy transfer of remittance



STAR BUSINESS REPORT

Western Union, an international money transferring company, has teamed up with Bangladesh Postal Department for delivering the money remitted by expatriate Bangladeshis to the villagers easily.

At a press conference at a city hotel, a formal announcement about an agreement to this end was made yesterday.

The Ministry of Posts and Telecommunications and the Western Union (WU) signed the five-year deal on December 12, 2007, Brigadier General (retd) M A Malek, special assistant to the Chief Adviser, told journalists.

"As per the deal, we will launch our services through 450 post stations in Bangladesh in the first phase and the number of such postal WU money receiving points will be raised gradually," according to Anil Kapur, WU managing director for South Asia, who was also present at the press meet.

Acting Posts and Telecommunications Secretary Iqbal Mahmood termed the agreement as a new dimension to the postal services.

"We have started delivering passport forms and I hope we will also be able to deliver passports from post offices very soon," he said.

Special Assistant Malek hinted at renewal of the deal after expiry of its five-year tenure for continuation of the WU-Postal Department joint services to ensure 'easy and timely' delivery of remittances in rural Bangladesh.

He said, "If necessary, the agreement may be renewed or a new tender be floated to serve the purpose."

Anil informed the journalists that Bangladesh is one of the top 15 remittance recipients across the globe.

As per official statistics, the country received nearly US\$6 billion as remittance from non-

resident Bangladeshis (NRBs) last year and the contribution of such remittance to the gross domestic product (GDP) crosses 13 percent.

The regional top official of the international money transfer firm said at present 30 percent remittance comes from Saudi Arabia, 15 percent from the USA and more than 10 percent from the UK.

"As the Bangladesh Postal Department has a reach over each and every corner of the country, we have teamed up with it," Anil Kapur said, adding that the WU will train up a number of selected post office personnel besides providing logistic support for them to render better services.

With only 100 points across the country at the onset of its operation, the WU has now set up more than 1400 points to receive money, Anil said while giving a resume of his company.

The WU's share in global money transfer business is over 17 percent, he said.

73 to contest FBCCI polls

UNB, Dhaka

Seventy-three business leaders have submitted their nomination papers to contest the forthcoming election to the Federation of Bangladesh Chambers of Commerce and Industry (FBCCI) for the next two-year term (2007-09).

The FBCCI Election Board received nomination papers both from the Association Group and the Chamber Group as the deadline for submission of nomination papers expired yesterday, said a FBCCI Election Board official.

Of them, 12 from each group will be elected as directors through voting on March 17.

Meanwhile, seven selected trade associations and seven selected chambers nominated their representatives directly to become directors of the apex trade

body. They have also submitted their nomination papers.

The 38 elected and nominated directors will choose their president, first vice-president and vice president through an election to be held at 4pm on March 19.

The scrutiny of the nomination papers would continue until February 12 while the final list of qualified candidates would be published the following day.

The FBCCI election had been stalled over a membership dispute of a FBCCI member-body, BGMEA, prompting the Ministry of Commerce, the regulatory authority, to extend the tenure of the Mir Nasir Hossain-led Board of Directors up to December 6, 2007.

However, they could not hold the election in the extended period due to a court order over the membership dispute.

The Nasir committee took over charge of the apex trade body on September 5, 2005 for a two-year term until September 5, 2007.

Meanwhile, the Ministry of Commerce on December 6 appointed Syed Manzur Elahi as administrator of the apex trade body with the main assignment to conduct the election in his three-month tenure.

Manzur took over charge of the federation chamber on December 8 with the assurance that he would facilitate the election as early as possible.

On the same day, the dispute over membership got settled in the court, paving the way for holding the election.

The FBCCI Election Board announced the fresh election schedule on January 13.

Thailand to up number of restaurants in Bangladesh

STAR BUSINESS REPORT

Thailand wants to increase the number of Thai restaurants in Bangladesh as elsewhere in the world to promote Thai food.

"Thai Select" scheme has been launched to introduce more authentic Thai restaurants, Thai Ambassador in Dhaka Chalermphol Thanchitt told a press conference in Dhaka yesterday.

The Thai government intends to raise the number of restaurants to 15,000 from 11,000 across the world.

The ambassador said Thailand is known as the food basket of Asia and also recognized as the "Kitchen to the World" due to abundance of food production in all parts of the kingdom.

Meanwhile, Thai Trade Centre, Dhaka will organise a short course on Thai cuisine at City University in Dhaka from February 15 to February 24.

Kanyarat Vongskul, Minister Counsellor (Commercial), Thai Embassy Dhaka, and Borhan Uddin, Vice Chancellor, City University, also addressed the function.

Citigroup plans joint venture in China

AFP, Shanghai

US-based Citigroup plans a Chinese securities joint venture as the Asian market reopens its lucrative brokerage sector to foreign participation after a two-year pause, state media said Monday.

Under an agreement Citigroup signed Thursday with Central China Securities, the two will soon file an application to regulators for the establishment of the venture, the China Business News said, citing unnamed sources.

The report did not provide financial details of the deal, which would become Citigroup's first securities joint venture in China.

A Citigroup spokeswoman declined to comment on the report when contacted by AFP.

No comment was immediately available from Central China Securities, which is based in Zhengzhou, capital of Henan province in central China.

China unveiled revised rules in late 2007 on foreign investment in domestic securities houses after a two-year suspension of approvals, aimed to allow time for the country's brokerage sector to be overhauled.

RAK Airways to operate flights for 3 months more

Move aims to help clear backlog of Bangladesh workers heading to ME

SOHEL PARVEZ

UAE-based RAK Airways has been given the right to operate flights from Bangladesh for an additional three months in order to help clear the backlog of workers heading to the Middle East (ME).

"We have in principle given the approval to RAK Airways to operate from Bangladesh for a temporary period of three months," said Chairman of the Civil Aviation Authority of Bangladesh (CAAB) Air Commodore Sakeb Iqbal Khan Majlis.

RAK Airways began its operation from Dhaka by the end of November last year under the open sky policy, which ends on January 31.

The open sky policy was launched in September last year, at a time when Bangladesh workers were facing severe seat shortages on regular flights to Malaysia and the Middle East countries.

Four airlines -- Air Asia X, Air Arabia, RAK Airways and local private operator GMG Airlines have taken advantage of the open sky policy.

The Bureau of Manpower Employment and Training (BMET) issued about 8.30 lakh immigration clearances to workers in 2007. Of them, over 6 lakh left the country for overseas jobs, BMET Director General Abdul Malek said.

"We have so far issued over 73,000 immigration clearances to workers," he added.

The CAAB chairman said, "There is still pressure of outbound passengers. Our people (workers) are still going, so we have given the permission to the airline."

Asked about the extension of the open sky policy, the CAAB chairman said the government has not yet taken any decision on the issue.

According to the CAAB, RAK Airways will operate three flights a

week from Dhaka and Chittagong. Majlis said the CAAB may consider applications of the remaining airlines that are flying under the open sky policy.

"But we will consider allowing budget carrier from Dhaka later," he said.

"We are thankful to the government for allowing us to operate on temporary basis," said SAK Ekramuzzaman, chief executive of Mohammed Aviation, the sales agent of RAK Airways in Bangladesh.

"There is unbelievable pressure," he said, "We are going in full flights regularly."

Ekramuzzaman said the airline will start operation from February 1 under the latest permission.

"We will continue flights on Dhaka-Ras Al Khaimah-Dhaka route and hope to start flights from Chittagong from March 15," he said.

Malaysia grapples with rising living costs

ANN, The Star

Economists, who are awaiting further details of price control measures, are currently divided in their views on ways to mitigate the rising cost of living in Malaysia.

They said the rising cost of living was part of a global trend stemming from the hike in prices of fuel and raw materials and partly due to strong demand from emerging markets such as China and India that put inflationary pressures on goods and services.

Assemblers economist Saifuddin Morat said the government might continue with high subsidies, especially on petrol, in order not to fuel inflation and avoid further rises in essential items.

"Malaysia is a net exporter of oil and gas. It would be advisable to reduce subsidies gradually as any sharp pull back in petrol subsidies would have severe consequences, fuelling inflation, thereby affecting everyone, especially the poor," he said.

The government and national oil company Petromal Nasional Bhd now subsidise fuel and gas to the tune of 40 billion ringgit (US\$12.32 billion) a year to cushion rising crude oil and natural gas

prices globally. However, the authorities have said current levels of subsidies were unsustainable.

Saifuddin said there were about 10 million Malaysian workers and about 2.3 million foreign workers in the country. Malaysia's gross national product per capita for 2007 is around 21,000 ringgit (\$6,470) per annum, which by calculation imputes an average income of 1,750 ringgit (\$539) per month.

He said if the subsidies on daily items were substantially reduced, it would have far-reaching consequences and hardship for some

people, especially those living below the poverty line.

On the government's recent move to stockpile essential items like cooking oil to stabilise prices, Saifuddin said while it was a positive step to curb rising cost of living, the move would only be a stopgap measure to alleviate the situation temporarily.

"While rising costs affect every country, the government will need to review its economic policies and find ways to improve productivity and efficiency to make the country more resilient as a nation," he said.

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