

International Business News

India's embattled Satyam board seeks new buyer

AFP, New Delhi

The board of India's Satyam Computer Services met Saturday to discuss finding a buyer for the fraud-hit outsourcing giant which has warned its survival is at risk unless it gets new funding.

The meeting of the government-appointed board came after the Company Law Board earlier this week approved Satyam's request to find a strategic investor with enough funds to guarantee the future of the struggling company.

The board was meeting to discuss "induction of a strategic partner and how much time is required to finalise the bidding process," Satyam chairman Kiran Kamik said.

At least four potential suitors, including engineering giant Larsen and Toubro, which already holds 12 percent of Satyam, and Spice Corp, part of Indian tycoon B.K. Modi's New Delhi-based holding company, have voiced interest in taking a controlling stake in India's fourth-largest software services exporter.

Satyam's founder B. Ramalinga Raju left the company in turmoil when he declared in early January he inflated its balance sheet by more than one billion dollars and had falsified its profits for years.

The board has been looking at divesting a 26 percent holding by increasing Satyam's authorised share base to bring in new funds.

Volcker sees crisis leading to global regulation

AP, New York

"Even the experts don't quite know what's going on."

Speaking to a number of those experts Friday, Paul Volcker, a top economic adviser to President Barack Obama, cited not only the lack of understanding of the global financial meltdown but the "shocking" speed with which it had spread across the world.

"One year ago, we would have said things were tough in the United States, but the rest of the world was holding up," Volcker told a conference featuring Nobel laureates, economists and investors at Columbia University in New York. "The rest of the world has not held up."

In fact, the 81-year-old former chairman of the Federal Reserve said, "I don't remember any time, maybe even the Great Depression, when things went down quite so fast."

He noted that industrial production is falling in countries across the globe faster than in the US, one result of the decline caused by the breakdown of unbridled financial markets that operated on a global scale.

"It's broken down in the face of almost all expectation and prediction," he noted.

Volcker didn't offer specifics on how long he thinks the recession will last or what will help start a recovery. But he predicted there will be some lasting lessons from the experience.

INTERVIEW

BGMEA election in mind

Two presidential candidates speak to The Daily Star

REFAYET ULLAH MIRDHA

The presidential candidates in the upcoming BGMEA polls promise to protect the country's apparel sector from any bad impacts stemming from the ongoing global recession, uphold the export growth of RMG products, and safeguard the interests of the exporters.

They take the vow as Bangladesh Garment Manufacturers and Exporters Association (BGMEA), the country's biggest apparel trade body, is all set to host its presidential elections on February 24.

An insight into the two presidential candidates, their agenda for future, and the possible outcomes their decisions will present, may deliver a clarion call for action.

Attaining victory is now the primary thing in the minds of the two candidates -- Shahadat Hossain Kiron, managing director of Dekko Group, and Abdus Salam Murshedy, managing director of Envoy Group. They now rush from door to door in plea for votes, wishing to preside over the 2009-10 tenure.

The Daily Star exclusively talks with both the candidates to know how they intend to better the country's highest export earning sector, the readymade garments (RMG).

Shahadat Hossain Kiron promises to take measures to safeguard the country's apparel sector from any fallouts stemming from the ongoing global financial crisis and uphold the export growth of RMG products.

"My first priority will be to provide a buffer against possible blows from the global recession and to keep steep export growth of the RMG products. I also plan to develop entrepreneurship in the sector, if I am elected," Kiron says.

He says achieving a yearly export target of \$14 billion worth of RMG products even amid the recession is possible only with the right policies of the government.

"I firmly believe every stakeholder will take care of the RMG sector for the greater interest of the nation," Kiron said. He said he would also try to enhance the image of the garment owners and strengthen the research cell of the BGMEA.

He says BGMEA will continue its initiatives to develop skilled workers and mid-level managers, so the country becomes more competitive in the global RMG market. Kiron says Bangladesh will be able to achieve the RMG export target worth US\$25 billion within 2013 if the exporters get proper help.

He says he will continue lobbying with the US government for the passage of the New Partnership Development Act (NPPDA), with support from the Bangladeshi government. The act will help Bangladeshi products get duty- and quota-free access to the USA.

The recent political changes in the US resulted in many changes all over the world, and Bangladesh has to rethink many issues accordingly. The fate of duty- and quota-free access to the US market now depends on the go-ahead of Obama's administration, Kiron adds.

"If we can manage a duty- and quota-free market access to the US market, the export volume of our apparel items will double within one year," he says.

Kiron is all for further market and product diversification for sustainable growth of the RMG sector. He says Bangladesh should not only target the EU and US markets, but diversify both markets and products.

He also promises to contain labour unrest in the RMG sector by negotiating with workers, labour leaders, owners and the government.

"But we must handle the issues efficiently as the future of the country's apparel business is largely dependent on the welfare of the workers," Kiron says.

"We need to enhance our negotiation skills to extract benefits from different trade talks with organisations like the World Trade Organisation (WTO) and get better prices for the items sold to foreign buyers," he says.

On many occasions, apparel exporters do not receive better prices for their products due to a lack of negotiation skills, he says. The BGMEA will take initiatives to train exporters to enhance trade negotiation skills.

No industry could be leeway to becoming sick anymore, every industry is important to the country's cumulative economic growth, he says.

"I will try to help all the manufacturers and exporters, especially the sick industry owners, so no more industries become sick in the country," he says.

He urges the government to increase electricity generation, make high-ways and alternative ports, develop skill of workers and management, ease the visa regime for the foreign buyers and make cheaper the internet connectivity.



Shahadat Hossain Kiron



Abdus Salam Murshedy



Abdus Salam Murshedy says his first priority will be to protect the interests of the BGMEA members.

He says he will try to revive the image of the garment businessmen, as many manufacturers are pinpointed on illogical and irrational grounds.

"It's true that many factories have faced some oddities for different reasons, but it's important to dig out the reasons behind the acts," says Murshedy.

"I want to enhance the image of the garment manufacturers, exporters and the country as a whole through business," Murshedy says.

He urges the government to urgently form a taskforce, focusing on the RMG sector by involving the garment manufacturers, exporters, stakeholders and the government to offset the negative impacts of the global recession.

The taskforce will oversee the measures taken by the competing countries on how to cope with the recession, he says.

The government should also introduce a special exchange rate for the US dollar, at least temporarily, to face the probable impacts of recession, he adds.

According to Murshedy, the infrastructure of the country does not facilitate smooth running of business. "If I am elected, I will urge the government to improve infrastructure for the greater interest of business," he says.

Also a shareholder of a bank, Murshedy advocates reducing bank interest rate on lending and bringing it down to a single digit for the growth of business in the country.

He says presently the country's RMG sector is suffering from a 25 percent shortage of skilled workers and mid-level managers. "I will try to address this issue," he says.

With regards to passing the trade bill in the US Congress, relating to duty and quota-free access to the US market, Murshedy says it depends on many conditions and the government should come forward to get the ball rolling.

Murshedy says labour unrest takes place not only because of delayed payment to workers -- the existing market situation that often sees rising prices of commodities is also a contributing factor.

The prices of basic commodities have gone up abnormally in the local market. As a result, people belonging to the limited income groups are under pressure, he adds.

He also says the government should take measures to strengthen the trade departments of the foreign missions, as they can play a vital role in new market penetration.

"I will request the government to reorganise such trade departments of Bangladesh located across the globe," he says.

Murshedy is impressed by the performance of the young business personalities in the country. They are popularly known as the 'second generation of businessmen' and doing a good job, he says.

"We have already produced many entrepreneurs, we need to nurture them now," says Murshedy, who is also a director of the current board of the BGMEA.

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Director of Nikon Corporation, Japan Makoto Kimura (R) and Managing Director of Nikon India Hidehiko (L) pose with Nikon cameras during the launch of Nikon DSLR camera Zone in New Delhi yesterday. Nikon India launched its first exclusive Nikon DSLR Camera zone for consumers in Delhi.

French farm show promises greener tomorrow

AFP, Paris

France's annual crop and livestock show opened on Saturday with President Nicolas Sarkozy promising farmers to help prepare them to face a future with smaller European subsidies.

Part trade fair and part family day out, the week-long jamboree is expected to draw half-a-million visitors to an exhibition centre in Paris and allow city dwellers to reconnect with French farming traditions.

It is also a highly political event, an annual opportunity for a string of Paris-based politicians to have themselves photographed with one of the 650 prize cattle, 550 sheep and 140 horses on show.

Sarkozy's predecessor, Jacques Chirac, has a country retreat of his own in the Correze farming heartland and was a farm show natural, clearly enjoying the ritual and a chance to talk to farming leaders.

The new president, the former mayor of one of Paris' most urban suburbs, is less comfortable. Last year, Sarkozy was caught on video telling one visitor who refused to shake his hand: "Get lost, you stupid bastard."

Mining giant Anglo American axes 19,000 jobs

AFP, London

Global mining giant Anglo American said Friday it will cut 19,000 jobs this year after posting a 29-percent fall in 2008 net earnings -- the latest victim in a worldwide slump in demand for raw materials.

The London-based group said it was reacting to sharp falls in commodity prices brought on by a contraction in the global economy and that its net earnings had fallen to 5.2 billion dollars (4.1 billion euros).

The job cuts include the 10,000 announced last week by Anglo Platinum, the world's biggest platinum producer which is 77-percent owned by Anglo American.

"As we begin 2009, the economic outlook remains weak, with limited visibility and we are continuing to experience volatility and downward pressure on commodity prices," chief executive Cynthia Carroll said in a statement.

COLUMN

HABIBULLAH N KARIM

Is business sliding into oblivion?

Meeting Jan Karel Bout of the Dutch Employers Cooperation Programme (DECP) last week at the Bangladesh Employers Federation was an eye opener on business in Bangladesh. DECP, a Dutch public-private partnership programme, works in 40 developing countries to bolster the business environments in those countries through removing archaic rules and regulations that stifle business and innovation.

Mr Bout shared the anecdotes of privatising state-owned enterprises in his country (the Netherlands) in the seventies as well as deregulation works in some other countries to drive home the point that cutting the regulatory flab is never easy no matter what the country is. Every rule, every procedure has a person behind it who will defend his/her turf unrelentingly. That is why tough political will is a singular requirement for all regulatory reforms everywhere every time.

Reforms have been a clarion call of the trade and industry lobbies of the country for many years now. For Bangladesh pruning archaic business regulations is a matter of survival in this era of global free market regime. However, the empirical evidence is increasingly stacked against us on this front.

The World Economic Forum (WEF) annually puts out a global competitiveness index computed from 12 indicators ranging from

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institutions and infrastructure to education and business sophistication. The index called The Global Competitiveness Report, ranked Bangladesh at 111 out of 134 countries in 2008-2009. The only South Asian country that fared worse than us is Nepal, a land-locked mountainous country with few resources. The story gets even worse when you consider the fact that in WEF's 2007-2008 rankings Bangladesh was at 107, meaning that our competitiveness is going south while India, Pakistan, the Philippines, Sri Lanka and even Vietnam remained steady in their places.

The World Bank (WB) on the other hand publishes an annual report on the ease of doing business in countries around the world. The report called Doing Business ranks countries on the

basis of rankings under 11 procedural categories ranging from 'starting a business' and 'registering property' to 'enforcing contracts' and 'closing a business'. Bangladesh comes in at 110 out of 181 countries ranked in the latest report published in 2009. What is worse again is that Bangladesh slid down 3 places from its 2008 rankings. The only consolation for now could be that only Pakistan and Sri Lanka fared better than us in these rankings out of all South Asian nations. But then again considering the political volatility in those two countries we should have done better. India, for instance, moved up two notches in the current rankings.

While sharing anecdotes Mr Jan Karel Bout said a certain African country ranked very poorly in the 'ease of doing business' index

primarily because their long-gone European colonial rulers had a law that required personal authorisation of the crown before opening any new business. The law had been there obviously to protect the business interests of the colonial masters but even though the colonial rulers left many years ago the citizens of the African nation are still choking under the yoke of colonial-era laws. You may chuckle but wait till you look at our own predicament.

Both the global competitiveness and ease of doing business indices are symptomatic of the deep-rooted institutional and procedural flaws in the ways we conduct business in this country. Very often leaders of both business and political shades get into tirades over how the archaic laws and procedures left behind by the

colonial rulers are to blame for all the ills in our business environment. For goodness' sake, the country has been independent of the colonial masters for more than sixty years now. We have even dislodged an uneven union with a far-flung country, solely based on religion, nearly forty years ago. We are our own arbiters of fate and have been for many years. We cannot escape our responsibility of making our economy more sustainable and our lives more comfortable through updating the laws and procedures of the land. We cannot blame any ghosts of the past for our current misfortunes; we cannot take refuge, for our inactions, in the draconian measures of our past foreign rulers; we cannot hide our heads in the sand and feel sorry for ourselves while the rest of the world pushes on.

We would like to see our lawmakers, policy makers and business leaders work shoulder to shoulder in overcoming the unrealistic and artificial barriers to competitiveness and doing business. We would like to be able to regale Mr Bout on our exploits in getting rid of anachronistic laws and procedures for doing business by the time he visits us next time.

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