

International Business News

Key emerging economies want financial system overhaul

AFP, Sao Paulo

The world's top emerging economies -- Brazil, Russia, India and China -- want "a reorganization of the world financial system," Brazilian Economy Minister Guido Mantega told reporters Friday after meeting his counterparts from the other countries.

The joint position by the so-called BRIC countries was worked out on the eve of a G20 meeting of finance ministers and central bankers in Sao Paulo that is seen as a precursor to an emergency G20 heads of state and government summit in Washington on November 15.

Mantega, summarizing discussions with finance ministers from Russia, India and China, said "we have come to the conclusion that there must be a reformulation, a reorganization of the world financial system."

Specifically, he said, the system put in place by the 1944 Bretton Woods agreement was outdated and needed to be changed to take into account the greater economic importance of emerging nations.

The G7 -- Britain, Canada, France, Germany, Italy, Japan, the United States -- "is not sufficient," he said.

Obama sets sights on stricken US auto industry

AFP, Chicago

US President-elect Barack Obama vowed swift moves to help the country's auto industry recover from an economic crisis that has brought car-making giants to their knees, after General Motors said on Friday it was on the brink of collapse.

"The news coming out of the auto industry this week reminds us of the hardship it faces," he told reporters, speaking after meeting with his new team of heavyweight economic advisers in his first news conference since winning Tuesday's election.

"Hardship that goes far beyond individual auto companies to the countless suppliers and small businesses and communities throughout our nation who depend on a vibrant American auto industry," he said.

"I have made it a high priority for the transition team to work on additional policy options to help the auto industry adjust."

His comments came in the wake of a fresh slew of bad news from US automakers and other gloomy economic data.



A Philippine employee at the newly opened Baghdad International Airport Hotel stands behind the reception desk during its official opening on Friday. The three star BIAP hotel, the brainchild of Iraqi Ammar Orfali, consists of 100-room at \$250 per night and is a few hundred meter from the airport terminal. This is the first hotel to newly open in Baghdad since the US-led war in 2003.

Cambodia and Vietnam agree on rail link

AFP, Phnom Penh

Cambodia and Vietnam have signed a deal to link their railroads, Cambodia's foreign minister said Saturday, helping revive long-running plans to link Asia by rail.

Foreign Minister Hor Namhong said China would help Cambodia with the railroad link to Vietnam, which will cost more than 500 million dollars.

"China has promised to build the railroad from Phnom Penh to Vietnam as part of the project to create a link from Singapore to Kunming in China," Hor Namhong said on his return from regional meetings in Hanoi, Vietnam.

"The railroads are very important for Cambodia's economy because we can then export goods to other southeast Asian countries at low cost," he told reporters at Phnom Penh International airport.

Cross-border trade between Cambodia and Vietnam totalled 1.7 billion dollars in the first eight months of this year, Hor Namhong added.

Allianz announces 2b euro net loss in Q3

AFP, Berlin

German insurance giant Allianz late Friday announced a net loss of two billion euros in the third quarter of 2008 against a profit of 1.9 billion euros in the same period last year, admitting it was affected by the world financial crisis.

The Munich-based group distanced itself from its previous goals for this year and next.

Financial director Helmut Perlet said in a statement: "Without a complete improvement on the financial markets, we cannot achieve our goal of an operational result, outside the banking market, of nine billion euros this year and also in 2009."

"Reliable forecasts on upcoming results are hardly possible in this context" of financial crisis, he said.

Over the first nine months of this year Allianz notched up operational profits of 6.5 billion euros compared with 7.7 billions over the same period last year.

INTERNET

A new generation treat

MD HASAN

The time was against the tide then. Jahir Uddin had to knock at the city's cyber cafe one after another just to post a simple application for getting a scholarship at a foreign university. Internet access was one of a rare treats for him in 1997.

And now in 2008, Jahir's eight-year-old daughter Joyeeta sometimes looks grim-faced if she cannot connect her aunt abroad for chatting. "She enjoys generation of technology, nothing else," said Jahir.

Undoubtedly, the new generation is lucky, thanks to easy access to latest technology like internet in mobile phone or computer. The data service providers also recognise the smart young age group behind their business success.

Along with some private PSTN operators, two cellphone operators -- Grameenphone and Citycell lead the data service market.

Demand for internet data services is driving the growth in wireless services and helping mobile operators earn even in the present market when each user's per month expenditure has been reduced by almost 60 percent over the last few years.

In just two and a half years, the demand for wireless internet enjoyed double-digit growth due to mobility of the technology.

Market leader Grameenphone has already 4 million registered customers. The entire Grameenphone nationwide network is EDGE- or GPRS-enabled, allowing its customers to access high-speed internet from anywhere within its coverage.

Despite failure to attract a significant number of voice customers, the country's oldest and lone CDMA operator Citycell's Zoom internet service has also hit the market as well.

The total number is big compared to fixed broadband internet customers of only 1 million. Although all the 4 million customers are not active



A woman works on her laptop with the help of a GPRS-enabled mobile phone.

SYED ZAKIR HOSSAIN

always, a big number of people are enjoying the taste of information surfing the internet.

A wireless internet modem is now selling at Tk 5,000 to Tk 7,000 on an average, which ultimately also encourages customers to prefer wireless to fixed broadband.

"Globally business is becoming virtual. So, I have to remain connected with internet most of the time," said Jahir, an electrical engineer working in a local company.

"Even during travel time, I can remain connected with my office to share my works," said Jahir who completed his post-graduate from Stuttgart university, Germany, thanks to the city's cyber cafe in 1997.

According to Grameenphone and Citycell, wireless internet users include students, businesspeople,

professionals, cyber cafe, and corporate houses.

The demand for wireless data service is also backed by different brands of laptop available in the local market at reasonable prices ranging from Tk 30,000 to Tk 1,50,000.

"I prefer laptop, as the prices of desktop PC and laptop are now almost same," said Mahfuzul Haque, a student of Asian University, who was seen busy in searching related article for his next class assignment on the campus.

"When I bought the laptop, for me it was useless without an internet connection, as I thought internet access was the main feature to have diversified use of a computer," the second year BBA student observed.

But now he has internet facility,

and although he needs to spend Tk 1,000 per month for internet service, he said, it is more reasonable as the service gives him a relief from excess phone calls since maximum of his peer group are connected with wireless internet.

"It also helps find whatever information I need," Mahfuzul said.

However corporate user Jahir differs as he said the service is disrupted often.

"I don't get connection when I need it very much," Jahir said. Many like him complained of the same.

Anders Jensen, chief executive officer of Grameenphone, said: "We have only scratched the surface of the potential for mobile data services. With less than one percent fixed-line internet penetration in the country, more people by far are already access-

ing the internet through mobile phones. And that is likely to be the trend of the future."

Operators are often reluctant to disclose how much revenue they earn from wireless data service. But their intention to have backbone network for it, proves the potential of the service.

Banglalink, the second largest mobile phone operator, has also built a 19,000km network nationwide for providing data service.

"We are already working with partners to develop video conferencing for providing healthcare facilities across the country. These applications will surely help uplift the entire socio-economic condition of Bangladesh," said Michael Seymour, chief executive officer of Citycell.

But there are challenges ahead. The telecom regulator has already awarded licences to three companies for providing high speed broadband services and announced to give 3G technology licence by January next year.

Industry insiders fear when this high-speed wireless broadband technology will hit the market, the existing ones may face ruin.

Citing an example, a high official of a leading mobile phone company said after introducing wireless internet service, cyber cafe business is facing loss in business.

When Bangladesh failed to connect it with information super highway in mid '90s, the country lagged behind the global race in terms of economy, said Jahir.

He said information dissemination is sometimes key to getting business and becoming modern citizens as well. So he encourages Joyeeta to use computer and internet too, he added.

"It will be wrong if I prevent next generation from access to latest technology," he said. "I can't allow the same thing for which I suffered in my youth."

hasan@thedadystar.net

COLUMN

HABIBULLAH N KARIM

Too little of a good thing

Access to internet in Bangladesh has had a checkered past. In the mid-nineties when Pradeshta, the first commercial e-mail service provider, started operation, it was on off-line basis. Mails would be downloaded on an hourly basis from an internet access point in Singapore and clients here would need to dial into the mail service provider's server to download their mails.

When they wanted to establish an on-line connection, the then BTTB vehemently opposed the idea. Eventually BTTB relented under pressure from the IT industry leaders who lobbied with the Post and Telecom Ministry and started allowing direct satellite (VSAT) connections with internet access points in Hong Kong and Singapore.

That's when ISN started operation as the country's first on-line internet service provider. The floodgates to VSAT-based internet connectivity opened up, but the cost was beyond the reach of common people and small businesses, and only foreign companies, large local corporations and international organisations got hooked up.

Then around the year 1998 BTTB once again tried to stifle the fledgling internet industry by invoking an obscure act from 1898, yes that's right, 1898, it is not a typo, namely the telegraph act of 1898 which gave absolute monopoly to BTTB for all types of communication business over wires (and later over wireless medium as well). After a pitched battle between the IT industry and BTTB, the policy matter was mediated by the government in favour of maintaining the status quo. Eventually, of course the VSAT medium was allowed to flourish under the cover of Internet Service Provider (ISP) licences that saw dozens of providers stake out the internet market here.

It is not only internet access where BTTB fails to deliver on its mandate. The same is true of their hugely underutilised digital data network (DDN) crisscrossing the country. The DDN is a great national asset and can be used to extend internet

expensive than sub-sea cable connectivity. Bangladesh got its first submarine optical fiber link in 2006 and internet access rates started to plummet as the government began lowering the bulk purchase rates for internet bandwidths gradually since. Whereas in 1998 internet usage rates hovered around Tk 5 per minute, come 2008 and one can surf in cyberspace for a paltry 10 paisa per minute through dial-up connection from BTCL (the successor to BTTB) -- all in a span of 10 years.

At this rate anyone having an interest in internet can easily afford to get connected. So it is a good thing one would say. Well, not until one tries to dial 0101234 to get connected to BTCL's internet access point. It appears that BTCL is seriously handicapped in its capacity to serve its subscribers. If you keep on trying, may be at one fine lucky moment you will get the connection but most of the time the line is busy or worse, even if you get through the access server drops the line.

It is a real pity that with all the pent-up demand for internet access when the rates are affordable the service is scarce. I distinctly remember that in India anyone could browse the internet for much less than 10 rupees an hour back in 2000. Around the same time in Pakistan anyone from anywhere in that country could dial up through PTCL for instant access to the internet for less than 20 rupees an hour.

As the rest of South Asia has been enjoying and benefiting from the use of internet at competitive rates for many years, when our turn came we find that there is too little capacity to whet the internet hungry appetite of the nation.

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access to all parts of the country, i.e., any location within the service area of all the digital exchanges under the BTTB.

The DDN has been around for at least 8 years if not longer but the nation is yet to receive the full benefit of this technological investment. I suspect there are other untapped resources lurking within the huge infrastructure owned by the state-owned BTTB. As we are swiftly moving towards a free-market telecom regime, we are hoping the nimble private companies will meet any and

all demands for connectivity to the global nervous system in not too distant a future.

There is no reason or rhyme however, for ignoring the existing telecom infrastructure of the state-owned BTTB, which could be harnessed to provide internet access to all parts of the country as a public good.

One must not forget that private for-profit companies will mainly serve urban centres with a high concentration on upper income people. For those in the remote areas the only

hope is a state-subsidised service provided as a public service obligation. Such service can be easily rolled out by BTTB using its existing infrastructure whereas obtaining such services from private telecom operators and internet service providers under universal service obligation (USO) fund or under corporate social responsibility remains a far cry.

The author is the president of Bangladesh Association of Software & Information Services (BASIS) and can be reached at hnkarm@gmail.com.