

Dressed to impress

NOEL QUINN

WHEN I tell people in Hong Kong, London or New York that Bangladesh is a land of untapped business opportunities, there are usually some who'll raise their eyebrows in incredulity or admiration. For those who haven't visited in person, it's a country they only know from media headlines as a place of natural calamities and social pressures as the population expands.

Fortunately, I'm finding that the sceptics and uninformed are increasingly in the minority. As the global business community focuses its attention on Asia, there's mounting interest in Bangladesh for its skilled workforce, its thriving economy and the impressive export industry it's built in just over 40 years.

While acknowledging that Bangladesh still has much to do to realise the government's long-term vision, I believe the prospects here are quite bright. So does HSBC Commercial Banking, which handles over 8 per cent of the country's international trade, and which recently showed Bangladesh to be the Asia-Pacific's second fastest-growing trade partner after Vietnam. In fact, our research indicates that Bangladesh's regional commerce will increase by more than 9 percent annually through to 2016.

Our confidence stems from what we see on the ground, in the cities and in the export processing zones, and from our expectations that Asia will increasingly sit at the heart of the global economy. Bangladesh now ranks higher than India, Indonesia and the Philippines in the World Bank's 'Doing Business' report, and it has nurtured companies producing goods for household brands including Levis, Nike, Raleigh and Sony.

Some have suggested that Bangladesh could become like Mexico, which has established itself as a low-cost manufacturing hub for its enormous neighbour to the north. In some ways the analogy is insufficient in that Bangladesh borders India and is also close to China - two economies HSBC



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thinks will become the world's third-largest and largest respectively by 2050. In other ways, the analogy exaggerates because by 2050, even after a seven-fold increase, we expect China's income per capita will only be 32 percent of that in the US.

What we know today is that Bangladesh is a competitive place to do business when benchmarked against its emerging market peers. It has clear cost advantages, and a committed young workforce that's keen to learn. With an increasing number of international companies relying on Bangladesh for the timely delivery of

quality garments, the country has a medium-term opportunity to win manufacturing investment in this vital export sector. With economic austerity in the West making consumers there more cost-conscious, companies here have an opportunity to promote sales of affordable clothing while investing to rise up the value chain.

The challenge, of course, is that Bangladeshis want to increase their earning power. They want economic diversification that will bring new job opportunities while reducing the nation's reliance on apparel and expan-

triating remittances. This will require effort to build the infrastructure businesses need to capitalise on Bangladesh's location, and it will require effort to attract new industries and the skills transfer that comes with them.

Though the garment industry is likely to provide the backbone of the economy for some time to come, it's encouraging to see that companies making goods as diverse as camera lenses, shoes, mobile phone components and car parts have chosen to set up plants in the EPZs. Local entrepreneurs and investors from Canada to

Taiwan are starting to recognise Bangladesh's potential as a location for light engineering, shipbuilding, agro-processing, pharmaceuticals and ICT. Samsung's recent opening of a research and development centre in Dhaka is a good case in point.

Like many local businesspeople, HSBC is watching with great interest as the governments of India and Bangladesh negotiate greater access to each other's road, rail, sea and air transport networks. For India, a deal will improve domestic links to its north-eastern states. For Bangladesh, it could help the country become a regional centre for trade and manufacturing, a gateway to the sea for Nepal and Bhutan, and the hub of a trans-Asia highway connecting India to China and South-East Asia.

Looking eastwards, Bangladesh is positioning itself to boost trade with China as China rebalances its economy from exports to sustainable domestic demand. Last year, HSBC helped a customer in the Dhaka EPZ to buy yarn from China in Chinese Renminbi. This deal was another sign of things to come, as Bangladeshi firms seek to cement relationships with Chinese partners, cut transaction costs and hedge foreign exchange risk in what is set to be the next global currency.

Clearly, I have to be balanced in my conversations with overseas companies. Bangladesh must ensure power supplies and communications networks are robust, for example, and it must recognise the competitive strengths of neighbours such as Vietnam, Cambodia and Pakistan.

As I also tell them, however, it's clear to me that there are few people who can match Bangladeshis for their resilience in the face of a challenge. If this country continues to reinforce its links with the developed world, while deepening relationships in the emerging markets, it has every reason to demand attention in biggest corporate boardrooms.

Noel Quinn is the head of commercial banking for HSBC Asia-Pacific and group general manager for HSBC Holdings.

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World Bank must mirror global shift

Okonjo-Iweala, Nigerian finance minister, joins the race for WB's top job

REUTERS, Washington

EMERGING economies must be given a fair shot at leading the institutions at the heart of global finance or they will end up going their own way, a challenger for the top job at the World Bank said.

"The balance of power in the world has shifted and emerging market countries are contributing more and more to global growth -- more than 50 percent -- and they need to be given a voice in running things," Nigerian Finance Minister Ngozi Okonjo-Iweala said. "If you don't, they will lose interest."

Okonjo-Iweala, 57, was nominated on Friday by African power houses Nigeria, South Africa and Angola to lead the poverty-fighting institution when its current president Robert Zoellick steps down in June.

She is going up against Jim Yong Kim, a Korean-American health expert whose name was put forward by US President Barack Obama on Friday, and former Colombian finance minister Jose Antonio Ocampo, who was nominated by Brazil.

It's the first time the post has ever been contested. Under an informal agreement between the United States and its allies in Europe, Washington has laid claim to the top post at the World Bank since its founding after World War Two, while a European has always led the International Monetary Fund, its sister Bretton Woods institution.

Okonjo-Iweala, a respected economist and diplomat, painted the convention as a vestige of a bygone era.

"We're not asking the US not to compete, we're just asking for a level playing field where candidates can

be evaluated on their merits," she said.

A former World Bank managing director known for her colourful African head wraps and dresses, Okonjo-Iweala contrasted her experience with that of Kim, who made his mark battling disease in some of the poorest corners of the world.

She noted that she has hands-on experience running one of Africa's largest economies, as well as a proven track record at the World Bank helping nations in Asia, Africa and the Middle East tap financial markets to fund development.

"I don't have a learning curve because I know how the institution works and I know what needs to be done to make it work better and faster for developing countries," she said.

"I know what its strengths are, its weaknesses and importantly I know what policymakers need. I've actually done it."

US Treasury Secretary Timothy Geithner told Reuters over the weekend that he was confident that Kim, president of Dartmouth College, would win global support for the job. Through his work in fighting HIV/AIDS, tuberculosis and getting health care to the poor, Kim had shown an ability to get things done in tough environments, said Geithner.

Okonjo-Iweala admitted that if the United States, the nation with the largest World Bank voting bloc, and Europe held together, her candidacy would be doomed. But she expressed hope the World Bank's 187 member nations would hold true to their pledge for an open, merit-based process.

"We are not just going into this saying to ourselves we are already defeated," she said, speaking by



Ngozi Okonjo-Iweala

telephone from Abuja. "We are hoping that the Bretton Woods institutions and their shareholders will keep their word."

"My biggest hope is that this will be a fair contest."

Okonjo-Iweala, who was named by Forbes magazine last year as one of the world's 100 most powerful women, said African leaders would be discussing her nomination with other developing and emerging economies including China, the World Bank's third-largest shareholder.

Her political situation in Nigeria is difficult. She left the World Bank last year to become the lead economic

architect in Nigerian President Goodluck Jonathan's cabinet.

A long-time anti-corruption campaigner, she immediately sought to implement politically tough reforms. One of her first moves was to remove fuel subsidies, a step that sparked widespread protests that forced the government to back down in January.

Now, her opponents are attacking her over the World Bank nomination, saying it showed disloyalty to her country and its president. Jonathan backed Okonjo-Iweala's nomination after calls from South African President Jacob Zuma and West African nations led by Ivory Coast's president Alassane Outtara.

"Several African leaders called my president and asked for my name to be put forward because they felt they have someone really qualified to do this job," she said, adding that she remains deeply committed to Nigeria.

Last year, Okonjo-Iweala was behind a World Bank plan to create so-called diaspora bonds to raise money from the estimated 23 million Africans living abroad, who hold more than \$30 billion in savings. The money would help African countries fund essential services and fight poverty.

She was also instrumental in launching a fund to provide emer-

gency loans to countries hit by a record jump in global food prices in 2008 and was pivotal in creating an infrastructure fund for roads, railways and power grids in developing countries.

In Nigeria, she is credited with securing a deal with the Paris Club of creditor nations in 2005 that wiped out \$30 billion in the country's debt. It was the second-largest Paris Club debt relief deal ever.

Okonjo-Iweala said a critical issue for many developing countries is job creation, especially among unemployed youth. High unemployment, corruption and political oppression sparked the "Arab Spring" protests that toppled leaders in such countries as Egypt, Tunisia, Libya and Yemen, she noted.

"If we do not come to terms with this problem, we're not going to have (just) the Arab Spring, we will have many other Springs," she said. "This is a very important challenge that demands us to go beyond the usual poverty eradication and fighting tools to ask ourselves what is needed."

While the World Bank's main mission is to fight poverty, it has increasingly sought ways to help emerging economies that need policy expertise more than money, and Okonjo-Iweala said it had to become more nimble in this task.

"Emerging market countries ... need the bank to be a provider and intermediary of knowledge from one country to another," she said. "To do that we need to organise the experts from the bank in a much smarter and faster fashion."

"When you are a policymaker and you have a question facing you, you don't have three weeks to wait for a (World Bank) mission to arrive."