Fast-track VAS guideline: content developers

STAR BUSINESS REPORT

Local mobile phone content developers yesterday insisted the government finalises the value-added service (VAS) guideline by December 16.

The demand came at a press conference at the National Press Club.

Mostofa Rafiqul Islam, president of Bangladesh Mobile Phone Importers Association, said it would be possible to generate around Tk 5,000 crore if the VAS guideline was finalised.

Content developers only have a 2 percent share of the country's Tk 250 billion mobile phone industry, when it stands at over 10 percent in developed countries.

AKM Fahim Mashroor, president of Bangladesh Association of Software and Information Services, said barely 27 percent of the country's submarine cable capacity could be used due to a dearth of mobile contents.

The benefits of the upcoming 3G technology can only be reaped if there is a substantial vault of local mobile phone contents, Mashroor said.

The government should also update the patent laws for digital contents, said Mustafa Jabbar, a director of Bangladesh Computer Samity.

VAS is a term for all services provided by mobile operators beyond standard voice calls, SMS, MMS and internet access.

Examples of VAS in Bangladesh include services like missed call alerts, call block, voice mail, music and ring tone downloads.

Local developers, at present, receive a modest percentage from the operators who set the price for the VAS; that figure can go as high up as 90 percent for them when dealing with international operators.

The draft guideline proposed by the telecom ministry earlier in January would allow the content developers to set the price of VAS to be provided through the mobile operators' networks.

The guideline, however, was bitterly criticised by the sector's different stakeholders for its limitation.

Later in September 26, Bangladesh Telecommunication Regulatory Commission and the telecom ministry decided to set up a five-member panel to review some of the issues raised.

But the panel is yet to be formed, said a senior official of the ministry yesterday.

Content developers are alleging the mobile phone operators are behind the delay in finalisation of the VAS guideline, as they would have to part with a sizeable portion of their profits if it goes through.

FOCUS BANGLA

Mustafa Jabbar, a director of Bangladesh Computer Samity, speaks at a press briefing at the National Press Club in the capital yesterday. Mostofa Rafiqul Islam, president of Bangladesh Mobile Phone Importers Association, was also present.

ESKAYEF

US Ambassador to Bangladesh Dan W Mozena poses with Eskayef Bangladesh Chairman Latifur Rahman and CEO Simeen Hossain, while visiting the Tongi plant of the pharmaceutical company on Tuesday.

Mozena visits Eskayef Bangladesh

STAR BUSINESS DESK

US Ambassador to Bangladesh Dan W Mozena Tuesday said his vision of Bangladesh as the next Asian tiger is already reality there at Eskayef, a pharmaceutical company.

"The future is here," he said while visiting a plant of Eskayef Bangladesh Ltd at Tongi where Eskayef Chairman Latifur Rahman and Chief Executive Officer Simeen Hossain were also present.

"Eskayef is delighted to host ambassador Mozena and share the initiatives taken by Eskayef towards manufacturing high quality medicines as per the cGMP guidelines of UKMHRA, VMD UK and TGA Australia," said Simeen.

She said her company remained highly committed to environmental safety. As a leading player of the country's pharmaceutical industry, the company has been playing a role in catalysing economic growth and development of Bangladesh, Simeen said.

"We feel privileged to be able to offer world-class medicines to the domestic market as well as exporting those to 19 countries, including European Union, Australia, Africa and Asia."

Besides, Eskayef also exports its veterinary products to the UK and Nepal, she said. "We are delighted to see the ambassador's keen interest in product quality and technology."

During the visit to the state-of-the-art plant, Mozena was briefed about the manufacturing process along with the stringent quality assurance, commitment towards clean environment and good manufacturing practices (GMP) compliant distribution system of Eskayef.

The ambassador spent some time reviewing the welfare, health and safety of the employees, Eskayef said in a statement yesterday.

M&S to up cotton sourcing from India over 12-fold in three years

PTI, *New Delhi*

UK-based retail chain Marks & Spencer plans to hike by over 12-fold its cotton sourcing from India in three years to 64,000 metric tonnes.

This will be equivalent to its current overall global consumption.

For the purpose, the retailer will increase the number of farmers associated with it to 25,000 in the country from 9,000 at present.

"Currently, we have partnerships with 9,000 cotton farmers at Warangal in Andhra Pradesh. We want to increase the number to 25,000 in three years, by when we will be sourcing 64,000 metric tonnes of cotton, which is equivalent to our current total global usage," Marks & Spencer (M&S) head of sustainable business Mike Barry told PTI.

At present M&S sources 5,000 metric tonnes of cotton annually from India, he said.

The move is part of the company's 'Plan A', which aims to make M&S the world's most sustainable major retailer by 2015, Barry said, adding in the next 12 months the firm would be charting out India specific strategy for the same.

"What we are aiming to do is to reduce water and pesticide usage by farmers, while improving their profitability," he said, adding the company would not expand its base of cotton farmers beyond Andhra Pradesh.

As part of its sustainability programme, Barry said the company is also increasing sourcing of clothing from India for selling in the country to reduce environmental impact from its logistics chain.

"As of today 61 per cent of the clothing sold in India are sourced here, which was 55 per cent last year," Barry said, adding the aim was to take it higher.

M&S is also focussing on taking along its vendors in its sustainable business strategy and plans to replicate in India some of the steps it has taken up in Bangladesh to uplift environmental and social standards of factories.

"In Bangladesh we have been able to address issues like increasing the minimum legal wage for workers but at the same time make the factories profitable by making them more productive and focussing on other areas like becoming more energy efficient," he added.

Barry said M&S will also be implementing the sustainable business model across its 24 stores in India.

The company's Delhi store is already a holder of Leadership in Energy and Environmental Design (LEED) gold standard, while the Mumbai store has a silver standard developed by US Green Building Council.

"Our aim is to align all our stores in India with the environment-friendly and sustainable business strategy, which we are carrying out across our global operations," Barry said.

How Japan Inc stole a march in Myanmar

REUTERS, *Yangon/Tokyo*

JAPAN Inc is charging into Myanmar. The rush began one night last October, when Myanmar's new president rolled out a map after dinner to show an aging Japanese power broker a prize that could be Tokyo's to develop -- a swathe of land nearly as big as Macau.

Thein Sein, 67, a former general, had been president of Myanmar's civilian government for just six months. He had won cautious praise for reconciling with democracy icon Aung San Suu Kyi and opening Myanmar's economy after five decades of brutal junta rule. Now he was seeking investors to develop Asia's second-poorest country.

After a Chinese-style banquet at the presidential residence in the capital of Naypyitaw, Thein Sein turned to Hideo Watanabe, 78, a Japanese politician with an enduring interest in Myanmar. The new president offered a deal: Japan could develop a special economic zone at Thilawa, a spot near both Myanmar's largest city and a port on the Indian Ocean - if it came up with the money.

"I told him I would figure something out," recalled Watanabe, a former cabinet minister and top aide to ex-Japanese Prime Minister Yasuhiro Nakasone.

Watanabe was as good as his word. A fast-track deal negotiated in less than a year has paved the way for Japan to provide at least $18 billion in aid, investment and debt forgiveness from government and private sources.

In addition to this deal, Reuters has learned that Japan will provide up to $3.2 billion in new lending to build another special economic zone and deep-sea port in Dawei, in southern Myanmar, which would be developed into Southeast Asia's largest industrial complex.

The deals have made Japan a major player overnight in the opening of Myanmar. The part of the Thilawa package that includes debt forgiveness and refinancing adds up to nearly $5 billion, dwarfing the $76 million in aid from the United States in 2011 and 2012 and a two-year package of $200 million the European Union has pledged.

In reconstructing how Japanese government and business leaders moved from cautious re-engagement with Myanmar to a gold-rush embrace over the past year, Reuters spoke to more than 50 officials, executives and politicians involved in the effort on both sides. They described how a small group of well-connected Japanese pushed Tokyo's bureaucracy and aid agencies to fast-track key decisions, even while Myanmar's laws on investments were still being debated in its nascent parliament.

At stake is influence in Asia's last frontier market. The Japanese pounced as Myanmar's leaders were looking for allies to blunt China's enormous influence in Myanmar. Japan's push back into Myanmar has vaulted it ahead of the United States and the European Union, which have been more cautious in unwinding trade and investment restrictions put in place in the 1990s. One likely result is a big leg up for Japanese trading houses, banks, contractors and engineering firms.

"We are lucky because the US was kind enough to introduce economic sanctions -- that's why Western financial firms have so far no presence in Myanmar," said Shigeto Inami, who manages Myanmar operations for Daiwa Institute of Research. The think tank runs Myanmar's tiny stock exchange and has plans to transform it into a thriving bourse by 2015.

REUTERS

A boy rides his bicycle at the construction site of the Thilawa economic zone outside Yangon.

US and European diplomats said they don't necessarily see the Japanese win as disadvantageous to Western multinationals. Washington has been urging allies, including Tokyo, to enter Myanmar to buttress the economy and thereby the reformist wing of the military-backed government, a senior State Department official told Reuters.

A handful of US giants -- including GE and Coca-Cola -- already have returned. In Thilawa, Western power firms such as GE and Siemens and construction giants such as Bechtel and Balfour Beatty could win subcontracts from the Japanese, business analysts say.

"Many of our competitors have been in that market for many years, so we're already late to the game," said John Goyer, senior director of Southeast Asia for the US Chamber of Commerce. But "there's clear interest and desire on Myanmar's part to have US companies there."

Japan's rush carries risks. The deals call for Japanese companies to do business with a tycoon blacklisted by the United States, exposing them to potential reputational damage.

And Japan has pledged to develop the 2,400-hectare (5,930-acre) special economic zone in Thilawa before ownership questions surrounding the land have been resolved. So far, Thilawa is most notable for its emptiness. Rice paddies fill land earmarked for factories. Workers collect clay in baskets as trucks haul gravel to drop into the soggy ground.

"Welcome to our new El Dorado," said Myint U, a former government official who now connects foreign investors to Burmese ministries, as he drove a visitor through the emerald plain.

Japanese executives believe the risks are big and the upside even bigger. "If I started writing down a list of problems, I could write a checklist with 50 or 60 lines," said Yasuhiro Morimoto, manager of strategy in Asia and Oceania at project investor Marubeni Corp. Still, he added, the potential benefits outweigh the perils for the trading house.

Myanmar has long been seen as a prize. A land mass as large as Britain and France combined, it shares borders with 40 percent of the world's population in India, China, Bangladesh and Thailand. Its ports on the Indian Ocean and Andaman Sea sit just north of the Malacca Strait, one of the world's busiest shipping lanes.

China remains Myanmar's biggest patron. Led by investments in energy, China and its companies pledged more than $14 billion for Myanmar in the fiscal year ended March 2011, nearly 70 percent of total foreign investment. Japanese companies invested just $212 million in Myanmar between 1988 and 2011.

Yet Tokyo has an ace up its sleeve: Japan's ties with Myanmar have been unusually warm, despite the brutal Japanese occupation of the country during World War Two.

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