Korea keen to increase investment in Bangladesh

Ambassador Lee Yun-young says he will raise visibility of Bangladesh in his country

REZAUL KARIM

BANGLADESH and Korea can further enhance their cooperation in IT, pharmaceuticals and shipbuilding industries, Korean Ambassador in Dhaka Lee Yun-young has said.

On top of its strong garment industry, he said, Bangladesh is now exploring new opportunities in other sectors such as IT, pharmaceuticals and shipbuilding.

About the potential sectors in Bangladesh where Korean companies are willing to invest in, he said Korea is renowned for its competitiveness in IT and shipbuilding industries.

Korean businesspeople are eagerly looking for opportunities abroad in these sectors, he added.

Bangladesh has a huge potential in these areas, and "I believe these are the areas where Korea and Bangladesh can further enhance cooperation," he said in an interview with The Daily Star.

"Bangladesh and Korea are the perfect partners because each of us has the resources, which others do not have."

Korea has advanced technology and willingness to invest abroad, whereas Bangladesh has an enormous labour force which is vital to develop industries like IT and shipbuilding, the newly appointed Korean envoy said.

Korean companies have contributed much to the economic development of Bangladesh since 1970.

He said Korean company Daewoo made a joint venture with Bangladesh's Desh Garments in late 1970 to export garments for the first time in Bangladesh. Korea has been with Bangladesh right from the beginning of the country's development, Lee said.

"Some people are critical about several difficulties existing in business environments."

Complex and time-consuming procedures, bureaucracy and a lack of infrastructure are the major obstacles, which have to be removed or improved, he said.

However, he said many government organisations are trying their best to improve the system.

In this context, he said PPP Global Investors' Forum: Bangladesh 2012, held on December 7, is part of their initiatives to improve infrastructure.

The ambassador said more than 220 Korean companies are investing half a billion dollars in Bangladesh.

These Korean companies are mostly investing in the manufacturing industry such as garment.

The Korean companies are exporting 5 percent of the entire exports of Bangladesh, hiring more than 1.6 Bangladeshi people, the envoy said.

Korea's overseas investment is around $40-45 billion each year and it is one of the top three investors among all Southeast Asian countries. So, what Korea is investing in Bangladesh is relatively small.

"I think there is enough room for more investment from Korea. One factory operated by Samsung Electronics in Vietnam exported more than $10 billion worth of products last year and the amount will go up to $40 billion in near future."

The reason why investment of similar scale did not come to Bangladesh is low visibility of Bangladesh in Korea, Lee said.

"I intend to do my best to raise the visibility," he said.

Lee said he is pleased with the rapid increase in bilateral trade between the two countries.

While Korea is Bangladesh's seventh largest trading partner, he said the bilateral trade has shown a stable increase in volume, approaching to $2 billion in 2012 despite difficult market environment worldwide.

One of the most encouraging signs in the bilateral trade is a significant increase in exports from Bangladesh to Korea recently.

In the past, it was the investment from Korea to Bangladesh that mostly provided the momentum for the economic cooperation between the two countries, the envoy said.

However, exports from Bangladesh increased drastically by 75 percent in 2011 compared to 2010.

During 2012, exports from Korea to Bangladesh was around $1.5 billion, which is 10.2 percent lower than that of the previous year, whereas Bangladesh's exports to Korea rose to $0.3 billion, which is 20.8 percent higher than that of the previous year.

There is a significant trend that the trade imbalance is improving, he said.

Various exports from Bangladesh such as garments and fisheries products are becoming popular in Korea. One of the contributing factors to this significant increase is the duty- and quota-free market access that is provided by Korea to Bangladesh.

Lee said the coverage of duty-free access has increased to 95 percent of Bangladeshi products from 90 percent since 2011, which means almost all products except some sensitive agro-products are entitled to free access to the Korean market.

About the Korean Export Processing Zone (KEPZ) in Chittagong, the envoy said the two governments agreed to set up a KEPZ in Chittagong in 1995. Then, some years later, one Korean company was given the job to develop the EPZ.

The 2,500-acre KEPZ is open to everybody though its name is Korean EPZ. A Korean company -- Youngone Corporation -- did a good job in developing this land in an eco-friendly way. The company made roads and planted 1.7 million trees and made 17 water reservoirs conserving 360 million gallons of monsoon rain water.

Though there is one big shoe factory in operation in the KEPZ now, the full development of the KEPZ will bring about the increase of Bangladesh's export earnings by $1.5 billion per year with direct employment of more than 1.1 lakh people.

"I am confident that the success of the KEPZ, the symbol of our relationship, will contribute to the take-off of Bangladesh's economy," Lee said.

However, he said, "We have some difficult pending issues to be resolved. On our side, we will do our best to resolve the pending issues as early as possible. Many foreign investors are eagerly waiting to invest in the KEPZ."

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Lee Yun-young

India can 'recapture the magic' of high growth

AFP, New Delhi

INDIA'S economy can "recapture the magic" and return to high-growth of seven-to-eight percent in the next couple of years, picking up from decade-low expansion, the finance minister said on Saturday.

Earlier in the week, India's Central Statistics Office (CSO) had projected that Asia's third-largest economy will accelerate by five percent in the fiscal year ending in March -- its slowest rate in 10 years.

"There are signs of an upturn that will take us to a high growth path," Finance Minister P. Chidambaram told reporters.

"We will climb back to a growth rate of between six to seven percent next year and then between seven-and-eight percent in the year after," he said.

"We can recapture the magic of 2004-08. The average growth was 8.5 percent during that period," he said.

The finance minister disputed the CSO's growth estimate of five percent for the current financial year as too low.

"We believe growth will be closer to 5.5 percent," Chidambaram said, as he unveiled a scheme to draw more investors into India's growing stock market.

The International Monetary Fund last week forecast India's economy would post growth of 5.4 percent in the financial year ending in March.

Last year, the economy grew by 6.2 percent but even that rate, while enviable by anaemic Western standards, is insufficient to create the jobs India needs to provide work for its ballooning population.

An eight percent growth rate is imperative to generate jobs, Chidambaram said.

"The measures we have taken... and will take in the coming days will put India onto the eight percent path," said the minister, who is due to present the budget for the coming financial year at the end of the month.

The Congress-led coalition government has introduced a string of measures since September to encourage foreign investment in key sectors and reduce subsidies, which have led to a ballooning fiscal deficit.

India's economy has slowed sharply due to high interest rates, Europe's debt crisis and sluggish investment caused by domestic and overseas concerns about policy-making and corruption.

On a positive note, Chidambaram said the CSO's growth forecast was higher than a decade ago in 2002-03 when the economy grew at four percent.

"I have no doubt in my mind that we will come out of this trough," he said.

As India gears up for national elections due in 2014, the government is under increasing pressure to kick-start the economy before facing voters.

Apple and Samsung, frenemies for life

REUTERS, San Francisco/Seoul

IT was the late Steve Jobs' worst nightmare. A powerful Asian manufacturer, Samsung Electronics Co Ltd, uses Google Inc's Android software to create smartphones and tablets that closely resemble the iPhone and the iPad. Samsung starts gaining market share, hurting Apple Inc's margins and stock price and threatening its reign as the king of cool in consumer electronics.

Jobs, of course, had an answer to all this: a "thermo-nuclear" legal war that would keep clones off the market. Yet nearly two years after Apple first filed a patent-infringement lawsuit against Samsung, and six months after it won a huge legal victory over its South Korean rival, Apple's chances of blocking the sale of Samsung products are growing dimmer by the day.

Indeed, a series of recent court rulings suggests that the smartphone patent wars are now grinding toward a stalemate, with Apple unable to show that its sales have been seriously damaged when rivals, notably Samsung, imitated its products.

That, in turn, may usher in a new phase in the complex relationship between the two dominant companies in the growing mobile computing business.

Tim Cook, Jobs' successor as Apple chief executive, was opposed to suing Samsung in the first place, according to people with knowledge of the matter, largely because of that company's critical role as a supplier of components for the iPhone and the iPad. Apple bought some $8 billion worth of parts from Samsung last year, analysts estimate.

Samsung, meanwhile, has benefited immensely from the market insight it gained from the Apple relationship, and from producing smartphones and tablets that closely resemble Apple's.

While the two companies compete fiercely in the high-end smartphone business - where together they control half the sales and virtually all of the profits -- their strengths and weaknesses are in many ways complementary. Apple's operations chief, Jeff Williams, told Reuters last month that Samsung was an important partner and they had a strong relationship on the supply side, but declined to elaborate.

As their legal war winds down, it is increasingly clear that Apple and Samsung have plenty of common interests as they work to beat back other potential challengers, such as BlackBerry or Microsoft.

The contrast with other historic tech industry rivalries is stark. When Apple accused Microsoft in the 1980s of ripping off the Macintosh to create the Windows operating system, Apple's very existence was at stake. Apple lost, the Mac became a niche product, and the company came close to extinction before Jobs returned to Apple in late 1996 and saved it with the iPod and the iPhone. Jobs died in October 2011.

Similarly, the Internet browser wars of the late 1990s that pitted Microsoft against Netscape ended with Netscape being sold for scrap and its flagship product abandoned.

Apple and Samsung, on the other hand, are not engaged in a corporate death match so much as a multi-layered rivalry that is by turns both friendly and hard-edged. For competitors like Nokia, BlackBerry, Sony, HTC and even Google -- whose Motorola unit is expected to launch new smartphones later this year -- they are a formidable duo.

The partnership piece of the Apple-Samsung relationship dates to 2005, when the Cupertino, California-based giant was looking for a stable supplier of flash memory. Apple had decided to jettison the hard disc drive in creating the iPod shuffle, iPod nano and then-upcoming iPhone, and it needed huge volumes of flash memory chips to provide storage for the devices.

The memory market in 2005 was extremely unstable, and Apple wanted to lock in a supplier that was rock-solid financially, people familiar with the relationship said. Samsung held about 50 percent of the NAND flash memory market at that time.

"Whoever controls flash is going to control this space in consumer electronics," Jobs said at the time, according to a source familiar with the discussions.

The success of that deal led to Samsung supplying the crucial application processors for the iPhone and iPad. Initially, the two companies jointly developed the processors based on a design from ARM Holdings Plc, but Apple gradually took full control over development of the chip. Now Samsung merely builds the components at a Texas factory.

The companies built a close relationship that extended to the very top: in 2005, Jay Y Lee, whose grandfather founded the Samsung Group, visited Jobs' home in Palo Alto, California, after the two signed the flash memory deal.

The partnership gave Apple and Samsung insight into each other's strategies and operations. In particular, Samsung's position as the sole supplier of iPhone processors gave it valuable data on just how big Apple thought the smartphone market was going to be.

"Having a relationship with Apple as a supplier, I am sure, helped the whole group see where the puck was going," said Horace Dediu, a former analyst at Nokia who now works as a consultant and runs an influential blog. "It's a very important advantage in this business if you know where to commit capital."

Samsung declined to comment on its relationship with a specific customer.

As for Apple, it reaped the benefit of Samsung's heavy investments in research and development, tooling equipment and production facilities. Samsung spent $21 billion (23 trillion won) on capital expenditures in 2012 alone, and plans to spend a similar amount this year.

By comparison, Intel Corp spent around $11 billion in 2012, and Taiwan Semiconductor Manufacturing Co Ltd (TSMC) expects to spend $9 billion in 2013.

But component expertise, cash and good market intelligence did not assure success when Samsung launched its own foray into the smartphone market. The Omnia, a Windows-based product introduced in 2009, was so reviled that some customers hammered it to bits in public displays of dissatisfaction.

Meanwhile, Samsung publicly dismissed the iPhone's success. "The popularity of iPhone is a mere result of excitement caused by some (Apple) fanatics," Samsung's then-president, GS Choi, told reporters in January 2010.

Privately, though, Samsung had other plans.

"The iPhone's emergence means the time we have to change our methods has arrived," Samsung mobile business head JK Shin told his staff in early 2010, according to an internal email filed in US court.

Later that year, Samsung launched the Galaxy S, which sported the Android operating system and a look and feel very similar to the iPhone.

Jobs and Cook complained to top Samsung executives when they were visiting Cupertino. Apple expected, incorrectly, that Samsung would modify its design in response to the concerns, people familiar with the situation said.

Apple's worst fears were confirmed with the early 2011 release of the Galaxy Tab, which Jobs and others regarded as a clear rip-off of the iPad.

Cook, worried about the critical supplier relationship, was opposed to suing Samsung. But Jobs had run out of patience, suspecting that Samsung was counting on the supplier relationship to shield it from retribution.

Apple filed suit in April 2011, and the conflagration soon spread to courts in Europe, Asia and Australia. When Apple won its blockbuster billion-dollar jury verdict against Samsung last August, it appeared that it might be able to achieve an outright ban on the offending products - which would have dramatically altered the smartphone competition.