

## Citi opens a new corporate office

STAR BUSINESS REPORT

**C**ITIBANK NA yesterday opened a corporate office in Dhaka to better serve its clientele in Bangladesh.

"It is a new beginning. Great businesses always look to find fresh stimuli... always look to find things to re-energise," said Stephen Bird, chief executive officer of Citi Asia Pacific.

"The new corporate office is set up with the future in mind. It will connect our clients to the global network," he added.

Spread across 26,500 square feet at a state-of-the-art building in Gulshan Avenue, it will serve as Citi's new headquarters in Bangladesh and bring together the product, business, operations and technology and global functions teams under one roof.

US Ambassador to Bangladesh Dan W. Mozena, Bangladesh Bank Deputy Governor Abu Hena Mohd Razee Hassan and Chief Executive Officer of Citi Asia Pacific Stephen Bird were present at the inauguration of the office.

The American banking giant entered Bangladesh in 1987 and, at present, operates through four branches with 180 people, focusing mainly on corporate clients.

Over the past decade, Citi has been working closely with regulatory agencies and the government to promote key infrastructure related projects in the country.



Citibank officials and guests celebrate the inauguration of a new corporate office of the bank on Gulshan Avenue in Dhaka yesterday to better serve the bank's clients in Bangladesh.

## Slowest India growth since 2009 pressures Singh to support rupee

BLOOMBERG, New Delhi

**I**NDIA'S slowest economic expansion since 2009 adds pressure on Prime Minister Manmohan Singh to stem a slide in the rupee that forced the central bank to raise interest rates.

Gross domestic product rose 4.4 percent in the three months through June from a year earlier, compared with 4.8 percent in the prior quarter, the Statistics Ministry said in New Delhi on Friday. The median of 44 estimates in a Bloomberg News survey was for a 4.7 percent gain.

The rupee has slumped 16 percent versus the dollar this year as India's record current-account deficit made it vulnerable to an outflow of capital from emerging markets, spurred by the prospect of reduced US monetary stimulus. The Reserve Bank of India raised rates in July to support the currency and contain inflation, imperiling economic expansion even as Singh pledges to revive investment.

"The government is going to struggle to turn around the economy until it gets

the deficit, consumer-price inflation and the exchange rate under control," said Prasanna Ananthasubramanian, an economist at ICICI Securities Primary Dealership Ltd in Mumbai. "This may take some time, and growth is at risk in the meantime."

The rupee, which reached a record low of 68.845 per dollar on Aug 28, climbed 1.4 percent to 65.705 at the close in Mumbai. The RBI three days ago said it will supply dollars to the largest oil importers to cool foreign-exchange demand.

The S&P BSE Sensex index rose 1.2 percent. The yield on the 7.16 percent bond due May 2023 fell to 8.60 from 8.77 percent on Aug. 29.

Nations from Indonesia to Brazil are trying to bolster their currencies as foreign investors exit on concern the Federal Reserve will taper \$85 billion a month of debt purchases that boosted the capital circulating in the global economy.

The RBI is set to sustain and may even extend recent monetary tightening, according to BNP Paribas SA. While a good monsoon is helping farm output,

other risks mean GDP expansion may dip to 3.7 percent in the year ending March 2014, BNP said. Average growth in the past 10 years is about 8 percent.

The RBI has raised the marginal standing facility and bank rates and capped cash injections into the banking system since July, while keeping the benchmark repurchase rate unchanged.

Private consumption growth eased to 1.6 percent in the second quarter from a year earlier, from a 3.8 percent pace in previous three-month period, yesterday's report showed. Government spending jumped 10.5 percent, while investment slid 1.2 percent.

Rupee weakness threatens to stoke consumer-price inflation of almost 10 percent, the fastest in a basket of 17 Asia-Pacific economies tracked by Bloomberg.

The drop has also revived memories of India's 1990s crisis, when the nation needed an International Monetary Fund loan as foreign reserves waned. Singh said this month growth will speed up and India won't face a repeat of that turmoil.

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## Asian financial crisis and lessons for India

APURVA SHAH, for REUTERS

**S**EVERAL economists have gone to great lengths to say that India in 2013 is not facing a repeat of the 1991 balance-of-payments crisis or the Asian financial crisis in 1997. Clearly, the crisis India faces now is unique—as most economic crises usually are.

That does not mean there is nothing to be learnt from past crises. We believe there are several similarities between the Asian one and India's situation today.

There are many reasons and theories attributed to the cause of the Asian crisis. Some of the common factors in the affected countries, in varying degrees, were—high current account deficits, semi-fixed exchange rates, extremely high dependence on foreign capital inflows & borrowings, inefficient asset creation, crony capitalism and undercapitalized banks.

When panic struck, the central banks in the region tried desperately to defend their currencies from depreciating in the face of capital flight. The defence was ultimately unsuccessful and the currencies depreciated between 50 and 80 percent in a few months, busting many large corporates and banks that had direct or indirect foreign exchange liabilities.

While India's situation is not as severe as the one facing the Asian tigers in the summer of 1997, the parallels are unmistakable:

- India has been running persistently high current account deficits for many years, reaching a high of 5 percent in recent times.

- It has been increasingly relying on external capital flows—debt and equity—to finance this deficit.

- Its reliance on short-term debt and fickle equity flows has been rising for several years.

- Its crony capitalists have invested significant sums in infrastructure assets and capacities that run the risk of turning bad due to policy paralysis and poor decisions.

- Its banking system is undercapitalised and riddled with bad debts.

- Many corporates carry fair amounts of unhedged foreign exchange liabilities.

- With capital flight arising from the US Fed's taper, its central banks are also making the mistake of entering into a battle with the market in defending the fundamentally weak currency.

- If there was one lesson to be learned from the Asian crisis, it was that relying on short-term capital flows to bridge an unsustainable current account gap is a sure path to disaster.

- Short-term fixes and interventions in the exchange market are expensive and ultimately futile. The only sustainable remedy for a stable currency is a growing economy and low inflation, which automatically keeps the trade and current account balance in check.

- For this, the government needs to urgently undertake structural reforms to increase productivity and make the domestic economy much more competitive than it is now.

- Reduce subsidies, drastically reduce red tape, overhaul labour laws, aggressively privatise and significantly reduce the role of government in business. While these measures may appear to be long term in nature, the very act of moving ahead with them will restore confidence in economic agents and also have a stabilising effect on the rupee.

Apurva Shah joined the BNP Paribas Investment Research and leads a team of analysts across asset classes.

## New Zealand wants answers on milk botulism botch-up

AFP, Wellington

**N**EW Zealand demanded answers Thursday about how a false test reading triggered a botulism scare for dairy giant Fonterra that forced global product recalls, describing the episode as a costly embarrassment.

Officials sounded the alarm earlier this month after tests showed batches of whey powder produced by Fonterra were contaminated with the potentially fatal bug clostridium botulinum.

Infant formula was pulled off shelves from China to Saudi Arabia as New Zealand's reputation for producing the gold-standard foodstuffs that command top prices in Asia took a battering.

But it was revealed on Wednesday that subsequent tests had proved the contaminant was in fact a non-toxic bacterium called clostridium sporogenes and there had never been any danger to consumers.

"The whole thing's been an embarrassment to New Zealand," Trade Minister Tim Groser told Radio New Zealand, as the opposition accused his government of overseeing a "botulism botch-up".

"I've never tried to conceal the fact that it was going to cost us -- the question was always 'how long, how much?'"

With New Zealand reliant on the dairy industry for 25 percent of its exports and the prospect of compensation lawsuits from affected companies looming, Groser said it was important to prevent such mistakes occurring again.

"The consequences of this particular false positive have been very grave and we want answers as to why on earth this happened," Groser said.

Fonterra said on Wednesday the initial test that incorrectly detected botulism and sparked the crisis was done by AgResearch, a government agency.

The Ministry for Primary Industries said it was too early to draw any conclusions about the quality of AgResearch's laboratory

testing but the issue was being investigated.

"We are fully focused on getting to the bottom of this and actually providing the sort of clarity that consumers and overseas markets require," acting director-general Scott Gallacher told TV3.

The opposition Labour Party said the false alarm occurred because the government had failed to ensure New Zealand's food testing and monitoring labs were world-class.

"This fiasco continues to be a disaster for our clean, green brand. The inability of the ministry's systems means our reputation is always at risk," said Labour primary industries spokesman Damien O'Connor.

"While New Zealand was right to take an immediately precautionary approach, our international competitors will be laughing all the way to the bank."

Infant formula maker Nutricia, which recalled its Karicare brand product because it used Fonterra whey powder, said the belated all-clear vindicated its own testing regime, which had never shown any sign of botulism.

Managing director Corine Tap said the scare had been an "awful time" for both the company and parents who used the product, refusing to rule out legal action to seek compensation over the recall.

"We are considering our legal position," she told reporters, adding that she did not have figures on how much the recall had cost the company.

Fonterra is sensitive to contamination issues after a 2008 scandal in which six children died when a Chinese company it part-owned illegally laced milk with the chemical melamine. It has adopted a similar stance on the possibility of legal action.

Prime Minister John Key said everyone involved should wait until investigations into the false alarm were completed before laying blame.

"Rather than have lawyers at 10 paces, we should let the inquiries do their job," he told reporters.

## When work is a nonstop vacation

MEGAN SNEEDEN for BBC

**M**ANEESH Sethi still remembers the moment he concluded some rules were meant to be broken, especially those governing the world of work. A taxi driver's off-hand remark helped him see the light.

It was 2009. At age 21, Sethi had moved to Buenos Aires to start a web-based business. On a ride through the Argentinian capital's erratic traffic, the driver joked: "Argentines don't have a word for lanes."

Sethi was struck by this lax adherence to road rules, compared with Americans' more uptight attitudes. "Rules were created by people... so we don't have to follow them," he concluded.

As he worked on his business, which earned revenue by using popular search terms to create content with advertisements, he started thinking about how to break away from social norms by combining his love of travel with his ability to work anywhere.

Sethi now belongs to a breed of young entrepreneurs who are rejecting traditional workplace structure by embracing flexible hours and travel. Many of them adopt the moniker digital nomad, life hacker or lifestyle designer. This lifestyle has allowed Sethi to work on various businesses from the back of a camel and during a stage performance in Berlin.

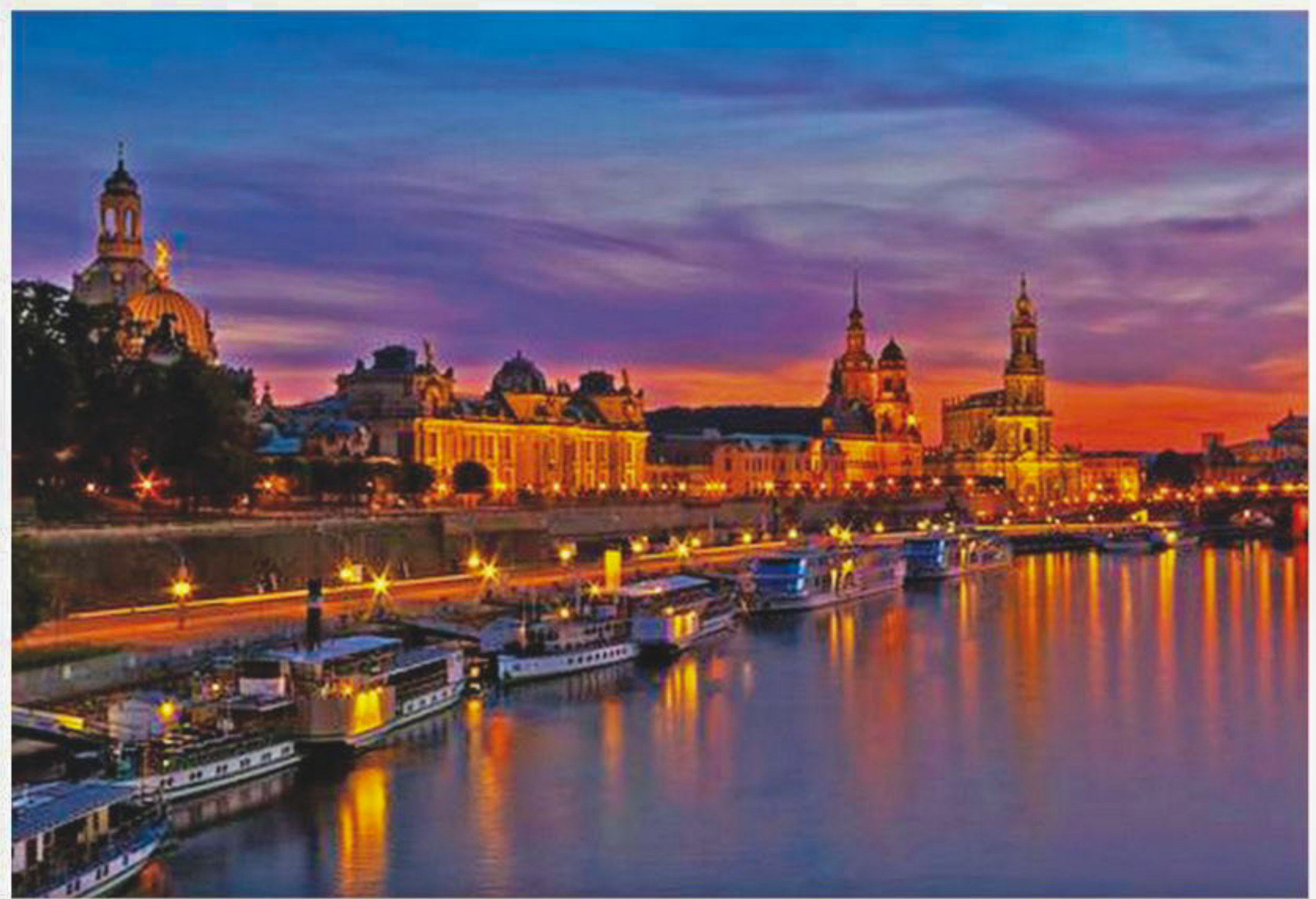
In 2011, he experimented with living in the woods for 28 days. After one week in a cave with only a tarp, blanket, water bottle and knife, he had drafted content for his blog "Hack the System" that discusses moneymaking strategies and other lifestyle topics.

Balancing this way of life, however, does present challenges. Digital nomads can struggle with maintaining health insurance, getting work visas and finding ways to make their moves palatable to their family. Still, many say it's worth it if they can run their businesses from a jungle cabana or near a lapping turquoise sea.

To earn a living, Sethi has set up automated internet-based businesses that generate passive income. These ventures, such as affiliate marketing, advertising, selling online courses, and commission sales, yield slow, long-term returns. Sethi declined to say how much he makes, though he said he's been able to support his travels for as little as \$15,000 per year.

His latest venture is Getitdonein30.com — an accountability and coaching system that helps people achieve 30-day goals. He charges clients \$2,497 per month for the highest tier of service. Other digital nomads have established more conventional, albeit web-based, businesses.

"Automated businesses will work amazingly for a while, but it is a much more sustainable long-term solution to fall back on a type of business that offers services," said Cody McKibben, 29, founder of Digital Nomad Academy. The 250 some members of the Academy pursue occupa-



Germany offers work permits for self-employed foreign residents based on business plan, qualifications and competition with local businesses.

tions from consulting and e-commerce to writing and graphic design and pay \$27 to \$97 per month for access to resources and group coaching.

McKibben gained first-hand experience in nomadic work after leaving his Sacramento, California, hometown to try living in Thailand. He settled on Krabi, a province in southwest Thailand, where he paid \$550 a month for a jungle-view townhouse. In September, he will relocate to Santiago, Chile, to work at tech incubator Exosphere.

Digital nomads are tapping into two related trends: companies' desire to outsource, and their increasing willingness to deal with remote workers.

The US Bureau of Labor Statistics says 24 percent of Americans work remotely at least a few hours a week. The Australian government promotes working at home and is striving for 12 percent of employees to work remotely at least one day a week by 2020. Meanwhile, research firm Imperative reports 74 percent of employers look to employ more freelancers in 2013.

Dan Andrews, who operates a product manufacturing business with locations in San Diego, California, and Ho Chi Minh City, Vietnam, said he is seeing more employers hire telecommuting employees, as he does. Employees that hold marketing positions with his company may work remotely after completing a one- to two-month training session. They earn 55 percent to 75 percent of what his California-based employees make.

"We have a results-based culture and allow

them to live where they want so long as they have Internet," said Andrews. Over the last 12 months, his manufacturing venture has earned over \$2 million in revenue. From one digital nomad to the next, Andrews said, incomes vary greatly. Some run million-dollar companies like his while others work for a basic living wage. As for turning a profit, that is a challenge for all new entrepreneurs whether abroad or at home, he said.

The digital nomad lifestyle presents plenty of challenges, including reams of paperwork. McKibben said most countries require travellers who intend to do business to have work visas.

Working internationally brings other headaches, too, from where to send children to school to how to maintain health insurance. Some nomads abandon the lifestyle when they have families. Others see through these hardships while also losing clients back home. "Location-independent business is sexy, but it doesn't let you build a business bigger than yourself," Sethi said. He recently settled in Boston to work on more hands-on enterprises.

McKibben finds whatever struggles he encounters to be only a part of his experience. Settling down short-term in a country is more fulfilling than visiting as a tourist, he said.

"The happiest people I know are self-employed and living on their own terms, as opposed to living in a box back home and getting less than two weeks' vacation per year," McKibben said. "I hope to see lots more people go this direction. That's my mission."