

Asia: next top export destination

HSBC's global head of trade says Bangladesh has potential of reaching higher growth trajectory by excelling in exports to burgeoning middle-class

MD FAZLUR RAHMAN

BANGLADESH'S exports to Asia will double to 15 percent of total shipments by 2020, as China and India are set to become key markets for the country, a top banker said yesterday.

James Emmett, global head of trade and receivables finance of HSBC, said India would be the third largest market for Bangladesh's exports by 2030, meeting the demands of the country's growing middle-class.

"Bangladesh will also significantly benefit from a rise of the middle-class in China," he told The Daily Star in an interview at Radisson Hotel in Dhaka yesterday.

In the next two decades, Vietnam and Malaysia would be among the fastest growing export destinations for Bangladesh, he said.

Exports grew to \$29.1 billion, the highest in the country's history in 2013, up 16 percent from the previous year's record of \$25.1 billion, according to data from the Export Promotion Bureau.

Europe and North America together account for over 85 percent of the country's exports, with Asia accounting for about 8 percent.

Emmett, who joined HSBC 17 years ago, said the Chinese economy's shift towards higher value-added goods would create opportunities for economies such as Bangladesh with ample supply of low-cost labour.

Export growth from these economies is expected to average 10 to 12 percent a year until



James Emmett

2030, with a concentration on lower value-added sectors of apparel products.

Emmett said the economy has grown significantly from what he saw 10 years ago during his first visit to Bangladesh.

"The market has become sophisticated, not just in the environment we operate in and the billboards, but also in discussions that say the business environment has changed."

"For example, one decade ago, HSBC was talking about how it can boost trade and sales in Bangladesh. Now the discussion is on how we can make sure we support the supply chain from Bangladesh."

Emmett said the intra-Asia trade corridor is now the fastest growing areas of trade worldwide, accounting for around 25 percent of the continent's total annual exports of \$6 trillion. "It is predicted to rise strongly."

He said there is a change in how the global supply chain is operated; development of the middle-class is critical and relevant here in Bangladesh, China and India.

"Ten years ago, the story was simple -- Asia exporting to Europe and North America. The supply chain story has changed. We see a migration of manufacturing to other markets such as Bangladesh from China."

There is three-way movement in global trade: Asia exporting to developed nations, developing markets exporting to Asia and emerging markets exporting to emerging markets both in Asia and outside of Asia, he said.

"So, I think Bangladesh will take a key position in the global evolution of the supply chain and will benefit from Southern China moving out of the value chain and moving up on its own value chain."

Emmett sees Bangladesh's pharmaceuticals and light manufacturing sectors as potential industries that would drive economic growth in the coming years.

Bangladesh is dependent on its export earnings from the US and Europe, prompting calls for product and market diversification.

"All three [the US, Europe and Asia] markets are necessary. The EU and North America have been important markets for Bangladesh and would continue to be so for many years to come."

He said about three billion people would join the global middle-class by 2050, which will be 40 percent of the world's population.

"In 5 to 10 years, China will become an important consumer market and Bangladesh will play a key role in terms of prices. Bangladesh should not forget the significant opportunity in its own market of 160 million people."

He said world-class safety standards at factories have become imperative to continued growth of exports.

On meeting the bank's clients in Dhaka, he said, "I have been pleasantly surprised by the optimism of the clients."

A sense of stability and clarity on which direction things are going is important, he said.

Bangladesh would require improvements in roads, bridges and infrastructure to cater to exports and local markets, Emmett added.

HSBC Bangladesh is actively supporting Bangladesh's infrastructure development, as it arranged a \$60 million credit facility for Power Grid Company and another \$420 million for Ashuganj Power Station Company.

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Nokia, BlackBerry, Motorola search for lost glory

AFP, Barcelona

ONCE the mobile world's pioneers, Nokia, Motorola and BlackBerry are now the industry's sorry laggards, searching for lost glory. As they struggle to get back in a game now lorded over by Samsung and Apple, however, analysts hold out little hope for them.

"All those historic handset makers like Nokia, Motorola and BlackBerry completely missed the boat when the smartphone arrived," said Bengt Nordstrom, head of the Swedish consultancy Northstream.

"They missed the touch screen step."

Finland's Nokia, Canada's BlackBerry and the United States' Motorola; they all lost a lot of money in 2013.

Nokia's handset business, in the process of being taken over by Microsoft, reported losses of 780 million euros (\$1.07 billion) last year.

Motorola posted a loss of \$1.03 billion in the same period.

This month, Motorola's owner, Google, shed the business, selling it to rising Chinese smartphone manufacturer Lenovo for \$2.91 billion.

BlackBerry, bought by Canada's Fairfax Financial Holdings, racked up a loss of \$5.4 billion in just the nine months to November 30.

"We are definitely here to compete and to win back some lost ground before the end of the year," BlackBerry's recently appointed chief executive John Chen told reporters at the February 24-27 World Mobile Congress in Barcelona, Spain.

BlackBerry showed off two devices -- the Q20 with its trademark physical keyboard and the budget-priced Z2 with a touchscreen aimed at the Indonesian market -- to help it try to claw back market share.

The two BlackBerry smartphones were the first to be produced under a five-year partnership with Foxconn, the Taiwanese manufacturer that is also a key supplier to a major rival, Apple.

BlackBerry aims to target corporate customers. "Our turnaround strategy is to focus on enterprise," Chen said. "We are always known as the number one in security."

Analysts were pessimistic about his chances. "BlackBerry; that is a lost cause, I think," said Nordstrom.

Lawrence Lundy, analyst at Frost & Sullivan, agreed.

Upstarts challenge reign of Google's Android



AFP

A host dressed up as an Android operating system character greets visitors at the 2014 Mobile World Congress in Barcelona, on the second day of the 2014 Mobile World Congress.

AFP, Barcelona

A small band of upstarts is chipping away at Google's mighty Android, hoping one day to overthrow the system that runs eight in 10 smartphones sold worldwide.

Mozilla's Firefox OS and the Samsung-promoted Tizen staked a small claim to the market at the industry's largest fair, the February 24-27 Mobile World Congress in Barcelona, Spain.

If there is a threat to Android's dominance, however, it could emerge from a slowdown in saturated smartphone markets and the birth of a new interest in smart watches, bracelets and glasses, analysts say.

Android powered 78.4 percent of all smartphones sold in 2013, according to industry analyst Gartner Inc. Apple's iOS mopped up most of the rest, taking 15.6 percent.

"There is little doubt that 2013 was the year of Android," said a report by industry research house Strategy Analytics.

"However, Android's annual growth rate slowed to 62 percent in 2013, its lowest level in the platform's history," it added.

"We expect Android's growth to slow further in 2014 due to market saturation, and rivals like Microsoft or Firefox will be ready to pounce on

any signs of a major slowdown for Android this year."

California-based Mozilla does not disclose how many Firefox OS smartphones have been sold since the first such handset was launched last July.

In Barcelona, however, it announced that Firefox, which is targeting emerging markets, would power a new category of smartphones priced at around \$25 (18 euros), and relying on integrated circuits made by Chinese electronics manufacturer Spreadtrum.

Mozilla also unveiled new Firefox OS devices, two smartphones made by China's ZTE and five Alcatel OneTouch tablets.

"It is not enough to have two operating systems in the telecoms world," Firefox chief operating officer Jay Sullivan told a news conference.

- No 'great success' for Firefox - Despite the buzz around Firefox, Greenwich Consulting senior partner Magnus Rehle said it had not seen "great success".

Samsung, the world's biggest smartphone manufacturer and leader of a consortium developing the rival Tizen operating system, could be a more important rival to Android.

"They have the muscle to do it. But what added value does it give to the consumer?," asked Rehle. "Nothing, I would say."

Samsung seems to be drawing the

line at allowing Android to run other smart devices such as its newly unveiled smart watches.

On Sunday, it revealed a new smart watch, the Samsung Gear 2, which runs on Tizen, and boasts a camera, sports tracking software and even a heart rate monitor.

But even in smart watches, Android remains the king, powering 61 percent of the roughly two million sold in 2013, according to Strategy Analytics.

Most of that growth, ironically, was due to the sales of Samsung's first smart watch, the Samsung Gear, which relied on Android.

Android has several challengers in the smart watch industry including Firefox and Pepple Technology's Pebble OS, which lets its own watches communicate with Apple's iOS and Android, said Woody Oh, senior analyst at Strategy Analytics.

"But none of them are a major threat at this stage because of their relatively limited ecosystems and modest retail presence," Oh said.

The main challenge to Android's dominance in smart watches could come from Apple iOS, Microsoft, and perhaps Tizen or the Chinese state-sponsored COS -- or China Operating System, he added.

"These four brands have the potential scale or marketing power to offer a credible alternative to Google's

Japan probing bitcoin exchange after huge reported theft

AFP, Tokyo

JAPANESE authorities were Wednesday probing the troubled MtGox bitcoin exchange after claims of a multi-million dollar theft from its digital vaults, as US prosecutors reportedly served a subpoena on the company.

The moves came the day after the website of Tokyo-based MtGox went dark, possibly heralding huge losses for investors, and sending ripples of alarm throughout the global community of digital currency adopters.

"I understand that ministries and agencies concerned -- financial services, police and the finance ministry -- are looking into the matter to learn the full scope of the issue," Japan's Chief Cabinet Secretary Yoshihide Suga, told reporters.

"Once we have full knowledge of what happened, we will take action if necessary," he said.

The comments, at a regular press conference, were the first government reaction to events at MtGox, which froze withdrawals earlier this month, claiming there was a bug in the software that underpins bitcoin, making it vulnerable to thieves.

The value of the volatile unit plunged on the Tokyo exchange and was bobbling around \$130 on Tuesday, around a quarter of what it was fetching on other platforms, until the site suddenly disappeared at lunchtime.

Hours later, MtGox published a statement saying: "In light of recent news reports and the potential repercussions on MtGox's operations and the market, a decision was taken to close all transactions for the time being in order to protect the site and our users."

A widely-shared document purporting to be a MtGox "crisis strategy" said the firm might have lost more than 744,400 bitcoins in a theft that had gone unnoticed for years.

That number of bitcoins would be worth more than \$400 million, using rates at functioning exchanges Wednesday afternoon, where the bitcoin was trading around \$570.

The figure would represent around five percent of all the bitcoins in existence.

Protester Kolin Burges, who has kept vigil outside the Tokyo headquarters of MtGox, tweeted Wednesday that he wanted legal



AFP

Bitcoin trader Kolin Burges from Britain holds up a placard to protest against Tokyo-based bitcoin changer MtGox in front of the company's office in Tokyo yesterday.

action taken against the firm's chief executive Mark Karpeles.

"Will #MtGox ever stop lying to their customers? Blaming closing of exchange on news reports? I want to see Karpeles in jail," he wrote.

- US prosecutors file subpoena -

The Wall Street Journal reported on its website that MtGox has been served with a subpoena by US federal prosecutors in New York.

Citing an unnamed "person familiar with the matter" the paper said the document was sent this month and demanded that MtGox preserve certain documents.

A subpoena compels its recipient to produce evidence or bear witness, on pain of legal punishment.

The crypto-currency community rallied round in defence of bitcoin on Tuesday, blaming MtGox for problems which they said did not

affect the integrity of the unit.

But observers warned the apparent disappearance of hundreds of millions of dollars-worth of the currency could deal a blow to its legitimacy.

Alarm bells began ringing after MtGox stopped processing external transactions on February 7, citing an underlying problem with the bitcoin coding.

The value of the unit on MtGox dropped over the following weeks far below that on other working exchanges.

The shutdown knocked around 15 percent off the world price for bitcoin, but it steadily recovered its losses and by Wednesday afternoon was trading around \$560.

In January a bitcoin was worth more than \$900 at MtGox, one of the world's first exchanges for the unit.