

Marketing Bangladesh

Standard Chartered CEO Jim McCabe talks to The Daily Star as Bangladesh Investment Summit kicks off in Singapore today

ZINA TASREEN, from Singapore

WITH a growth outlook of upwards of 6 percent, an overall stable credit rating, a sizeable youthful and flexible demographic, and a Goldman Sachs billing of 'one to watch out', Bangladesh presents a rather interesting investment case.

But all too often, it gets buried under news of natural or man-made disasters or political strife. In other words, the investment case for Bangladesh could do with some publicity.

Enter: the Bangladesh Investment Summit, the brain-child of Standard Chartered Bangladesh that provides a platform for the country's regulators, government higher-ups, banks and corporates to market the land's investment climate to foreign investors and just piques interest.

"As the leading bank in this country for more than 100 years, it was clear to us that more investor activity is required so that the economy could grow and really expand," Jim McCabe, chief executive officer of SCB, told The Daily Star on the eve of the third edition of the summit.

Subsequently, the British bank reached out to FinanceAsia, the continent's leading financial publishing company, about creating a platform to, basically, promote the country's investment opportunities on the world stage.

In December 2012, they put together a conference in Singapore, Asia's financial hub, which the SCB CEO says was very successful.

"In 2013, when the political situation and the violence got many concerned, we still felt it important to continue the story and not to stop as if we thought things have changed."

So, another conference was held in June last year but in London, the finance capital of Europe, to target investors from that continent. "We were very, very pleased to have it fully subscribed -- 350 investors from London were there."

"And so now that the first half of the year is over with and we have had the budget and everything, we thought its time again to remind, to refresh and to expand the interest in the country. So the timing seems quite appropriate."

This year's summit, to be held again in Singapore, would shed light on topics such as the economy's near-term outlook and key risks, foreign investment initiatives by the Board of Investment, yield versus risk criteria that Bangladesh has to offer, and access routes for foreign investors to the country's debt and equity capital markets.



Jim McCabe

The country's export diversification strategy, infrastructure projects, tenders under public-private partnership, growth prospects for local corporates and potential for multinational corporations would also be discussed at lengths.

Gowher Rizvi, prime minister's foreign affairs adviser, would present a keynote paper on Bangladesh's new narrative, while Farooq Sobhan, president of the Bangladesh Enterprise Institute, would give a speech on the investment opportunities in the country.

Asked what Bangladesh's unique selling point is, McCabe said: "Its potential and the fact that it sits geopolitically in the middle of a very sweet spot between big economies like China and India."

The potential, the American banker says, is nowhere near full utilisation. "The 160 million Bangladeshis are hard-working people -- I think they are easy to train and develop for new skills. It is a very rich opportunity."

The attendants in the past two summits, who ranged from asset managers to private banks, private equity firms to big corporations, were "pleasantly surprised" by all that the country has to provide for foreign investors.

"Now, some people may have come not knowing much about Bangladesh. They left saying, 'Wow, I had no idea'. Other people, maybe, knew Bangladesh from before and had disengaged for a number of years. They came back saying, 'Wow, I need to pay more attention to this'."

"Or, a third group, who know about it, said, 'Thanks for the update. It reaffirms that I need to be thinking in the same way I am or I need to step up'," the SCB CEO said, adding that the events were great networking opportunities as well.

Asked if there have been tangible effect of the past two summits, he said: "After the opening summit in Singapore, we were very proud that foreign investment funds started buying government securities in Dhaka. This means they have faith in the currency and they were buying it completely unhedged."

And since then, the volume has only been growing, said McCabe, who has been serving in his current position since November 2009.

"It's not an enormous amount of money, but what that means is that they want to add Bangladesh to their portfolio -- and that's a good sign."

The SCB CEO said the government is found wanting when it comes to execution: it lays out its aspirations but the focus is seldom on implementation. "You can stand up and pick indicators all you want, but at the end of the day, you have to make it happen."

Going forward, all public and private sector emphasis needs to be on executing; the potential is so good that there would be good targets to be met.

"Rather than philosophically discussing that inflation should be this and growth should be that, just do it -- get out there, do it day in and day out and watch things happen. I think that's attitude to take."

The conversation is not about what is wrong -- it is about what could be right or what could be better.

Still, McCabe is optimistic of what lies ahead for the country, particularly the year 2015 as all the momentum that has been picking up 3-4 months post the national elections will crescendo then.

As for his expectations from today's event, he said he hopes it will be a good plug for the country's potential -- and that it piques people's interests in Bangladesh.

"If we get that alone, that's very powerful. It will give us momentum into 2015 and beyond."

Go for value-added garments to win more orders: Korean envoy
International shows on apparel industry start in Dhaka

STAR BUSINESS REPORT

BANGLADESHI garment exporters should manufacture value-added products to grab more orders from international buyers, Korean Ambassador Lee Yun-young said yesterday.

"Bangladesh should move from just cutting, making and dyeing to more value-added products," he said, adding that Korean companies are ready to support such upgrades.

Korean companies have contributed much to the economic development of Bangladesh since its independence, he said. Korean company Daewoo made a joint venture with Bangladesh's Desh Garments in late 1970s to export garments for the first time in Bangladesh.

"It's time to move to the new phase," Lee said at the inauguration of a textile fair -- 15th Textech Bangladesh 2014 International Expo -- in the city.

CEMS-Global USA in association CEMS Bangladesh is organising the four-day fair at Bangabandhu International Conference Centre.

The envoy also urged the Bangladesh government to improve business environment for attracting more foreign investment in the country.

Korean companies have so far invested around \$600 million in Bangladesh, he said, adding that Bangladesh's apparel exports to Korea rose on average 69 percent annually over the last five years.

Mohammad Hatem, first vice-president of Bangladesh Knitwear Manufacturers and Exporters Association, also urged the foreign investors to invest more in the apparel industry of Bangladesh.

"Foreign companies can invest in the backward linkage of the apparel industry though we are not allowing FDI in the cutting and stitching segment," he said. He said South Korean electronic giant Samsung has diverted an investment plan to Vietnam from Bangladesh due to non-cooperation of the Bangladesh government.

CEMS-Global is also organising two other exhibitions -- 8th Dhaka International Yarn & Fabric Show 2014 and 18th Dye+Chem Bangladesh 2014 Expo -- in the same venue.

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Euro zone business growth wanes in August as Ukraine tensions bite

REUTERS, London

EURO zone business grew at the slowest rate this year in August and retail sales plummeted in July as escalating tension between Russia and Ukraine subdued spending and investment, surveys showed on Wednesday.

Signs of slower growth, coupled with firms cutting prices at an even faster rate but still failing to drum up sales, will add to pressure on the European Central Bank ahead of its monetary policy meeting on Thursday.

"The euro area is still just about expanding but the direction is downwards and the risk is we get more of the same as we move through the next few months as the geopolitical factors weigh heavily," said Ken Wattret at BNP Paribas.

"It's pretty obvious the ECB is worried, and rightly so. The pressure will continue."

Optimism about the future among service firms, which dominate the bloc's economy, fell to its lowest level this year amid rising tension over Ukraine that triggered sanctions from the West and countermeasures from Russia.

Although the Ukrainian president's press office said on Wednesday he had reached agreement with Russia's Vladimir Putin on a "permanent ceasefire" in eastern Ukraine's Donbass region, uncertainty about the situation on the ground remained.

The Kremlin later said the presidents had agreed on steps towards peace but a ceasefire had not been agreed between Moscow and Kiev because Russia is not a party to the conflict.

World markets jumped after the initial declaration before trimming gains - Britain's top share index touched a 14-1/2-year high.

Markit's Composite Purchasing Managers' Index (PMI), which is based on surveys of thousands of companies across the region and is seen as a



AFP

People purchase food in a local store with empty shelves on Tuesday in the southeastern Ukrainian city of Mariupol.

good gauge of growth, fell to an eight-month low of 52.5, well below July's 53.8.

That final reading was also weaker than a preliminary estimate of 52.8, although it was the 14th month above the 50 line that denotes growth.

The euro zone economy stalled in the second quarter and private sector growth in Germany, Europe's powerhouse, eased to a 10-month low in August.

In France, the bloc's second-biggest economy, activity declined for a fourth month while business activity in Italy's service sector unexpectedly shrank for the first time in five months.

In another sign of weakness, retail sales across the region fell 0.4 percent in July as expected, the first drop this year.

In Britain, the services industry expanded at the fastest pace in nearly a year last month, suggesting some companies were struggling to keep up with demand, a factor the Bank of England is likely to note as it ponders when to raise interest rates.

While no change is expected at its Monetary Policy Committee meeting on Thursday, the BOE is widely touted to be the first major central bank to raise interest rates - although not until early next year.

"The UK domestic economy continues to roar ahead," said Rob Wood, chief UK economist at Berenberg Bank.

"A small 25 basis point hike in interest rates, when it comes -- we expect February next year -- is unlikely to have much effect on the pace of expansion."

Although a move upward in rates seems to be nearing from the BoE and the Federal Reserve in the United States - where an ISM services PMI due on Thursday is expected to show a slight slowing of growth - markets also are focusing on when the ECB will loosen policy.

Speculation the ECB is preparing to buy assets spiked after bank President Mario Draghi said last month the bank was prepared to respond with all its available tools if inflation - which was just 0.3 percent in August - were to drop further.

The composite output price PMI, which has been sub-50 since April 2012, fell to a three-month low of 48.9 from July's 49.0 as firms cut prices to drum up trade.

A Reuters poll of economists last week gave a median 75 percent chance the ECB will launch a quantitative easing programme by March, buying asset-backed securities in a bid to prevent deflation and jump-start economic growth.

Britain bans American Apparel ads for sexualising school girls

AFP, London

Britain's advertising watchdog on Wednesday banned two adverts by clothing brand American Apparel for being offensive and normalising sexually predatory behaviour.

The adverts showed a model wearing a pleated school-style skirt bending over, with a low camera angle revealing her underwear.

Two people had complained about the adverts, saying as they were inappropriate for a skirt advertised as school wear. The adverts also attracted criticism on social media when they first appeared.

"We considered the images were gratuitous and objectified women, and were therefore sexist and likely to cause serious and widespread offence," the Advertising Standards Authority (ASA) said.

The watchdog said the images "imitated voyeuristic 'up-skirt' shots which had been taken without the subject's consent" and therefore had the potential to normalise "predatory sexual behaviour".

"From the context in which the ads appeared, it was likely that those who viewed them would understand that the model was, or was intended to appear to be, a schoolgirl," the watchdog said.

"We considered the ads had the effect of inappropriately sexualising school-age girls and were therefore offensive and irresponsible."

American Apparel defended the adverts, saying the model was a 30-year old woman, that the ads were not pornographic, and that they had appeared only briefly on the company's website and Instagram page.

It also said the images were not part of a back to school campaign, but this was disputed by the ASA which said the ads had featured in its "school days" collection of photographs.



REUTERS/FILES

Kingfisher Airlines Chairman Vijay Mallya (C) is seen in New Delhi on March 20, 2012.

India's banks pile pressure on liquor baron Mallya over airline loans

REUTERS, Mumbai

LENDERS are increasing pressure on liquor baron Vijay Mallya to facilitate repayment of the debts of his Kingfisher Airlines, which has not flown since 2012 and owes more than \$1 billion to a consortium of mostly state-run banks.

The airline founded by Mallya failed to make a profit during the eight years from launch to the grounding of its fleet in October 2012 and has been unsuccessful in efforts to find new investors to revive operations.

IDBI Bank is considering declaring Mallya a "wilful defaulter", which in Indian law would mean that he could be forced to stand down from any corporate posts and could damage the fundraising prospects of businesses with which he is associated, the bank's Chairman MS Raghavan said.

Fellow state lender United Bank of India, among more than a dozen banks owed money by Kingfisher, has already made such a declaration as the nation's banks seek to address criticism over their failure to crack down on bad debt.

Mallya, once known as the "King of Good Times" for his flamboyant lifestyle, has until Friday to appear before an IDBI committee to explain why he should not be declared a "wilful defaulter", Raghavan told Reuters.

"If he is declared a wilful defaulter, then he has to resign from all boards," Raghavan said. "... there will be lot of pressure on him ... The companies with which he is associated as a director cannot borrow from any bank."

Kingfisher owes 7.5 billion rupees (\$123.6 million) to IDBI Bank, Raghavan said.

Besides heading Kingfisher Airlines and his UB Group, Mallya is chairman of United Breweries, the Kingfisher beer maker now 38 percent owned by Heineken, and United Spirits, which is majority owned by Diageo.

"It is not possible for a bank to simply declare anybody as a wilful defaulter without following due process," said Prakash Mirpuri, a spokesman for Mallya's UB Group.

"We have robust and comprehensive answers backed by documentation to challenge any such move."

The Reserve Bank of India defines a wilful defaulter as a borrower that is able but unwilling to pay, has diverted loan proceeds for other than their initially stated use or has overstated profits to obtain a loan.

Government policymakers have voiced concern about the problem in recent months and are urging banks to get tough on borrowers as bad loans pile up in an economy experiencing its longest spell of growth below 5 percent in 25 years.