US ambassador calls for upgrading seaports

STAFF CORRESPONDENT, Ctg

Bangladesh should modernise Chittagong and Mongla seaports and increase their capacity for becoming the "next Asian tiger", US Ambassador Dan W Mozena said yesterday.

Bangladesh needs an education revolution along with infrastructural development in road, rail, energy and power sectors, he said.

The country will also have to confront challenges like corruption, red-tapism, inadequate rule of law and political instability to attract more foreign direct investment.

If Bangladesh can deal with the challenges, it would be one of the greatest trade routes of the 21st century, Mozena said.

The envoy spoke at a roundtable -- Bangladesh's infrastructure development: in terms of progress, needs and the next step -- co-organised by Chittagong Chamber of Commerce and Industry, and American Chamber of Commerce in Bangladesh (AmCham) here at Hotel Agrabad.

Mozena also stressed the need for building a deep-sea port for the sake of smooth shipment of export products.

If the country can ensure the highest quality of education and skills development for all its citizens, it will definitely emerge as the next Asian tiger, he said.

He also suggested Bangladesh import electricity from Nepal and double such import from India by developing infrastructure.

Chittagong Chamber President Mahbubul Alam said, as the cost of doing business in Bangladesh is less than almost any other country in the world, many foreign companies are interested to enhance their investment here.

But that is not happening due to infrastructure bottlenecks, he said.

AmCham President Aftab ul Islam said, though Chittagong has been termed literarily the country's commercial capital, the city lacks facilities for businesses, which forces many multinational companies to shift their headquarters to Dhaka.

Salahuddin Kasem Khan, vice president of Japan-Bangladesh Chamber of Commerce and Industry, also echoed the views of Islam and said: "It is a matter of shame that we have not been able to develop the port city yet."

Underscoring the need for a second gas pipeline for the port city, Khan said, "No foreign investment is coming here due to a gas crisis."

Myanmar grants first licences to foreign banks in decades

AFP, Yangon

Myanmar's central bank on Wednesday announced it had granted "preliminary approval" for nine foreign lenders to operate in the country for the first time in decades, the latest tentative opening of the long-isolated economy.

The nine overseas banks -- all from the Asia-Pacific region -- include Australia and New Zealand Banking Group (ANZ), banking giant Industrial and Commercial Bank of China (ICBC), and Japan's Bank of Tokyo-Mitsubishi UFJ.

A statement from the central bank said a licencing committee "has decided to grant preliminary approval to prepare for commencement of banking operations in Myanmar to nine Foreign Banks".

It added that it anticipated the banks' "continuous involvement in the financial sector and economic development" in the country.

Myanmar's quasi-civilian government, which replaced a military regime in 2011, is trying to modernise the country's creaking banking system and boost capital flows to local businesses after decades of economically-ruinous junta rule.

Authorities have implemented sweeping political and economic changes that have seen most international sanctions lifted and created a surge of interest from foreign businesses eager to stake a claim in the new frontier market.

Three of the banks given licences were Japanese, with Sumitomo Mitsui Banking Corporation (SMBC) and Mizuho Bank also granted permission to operate.

Other lenders given approval for licences on Wednesday were Thailand's Bangkok Bank, Malayan Banking Berhad (Maybank) and Singapore's Oversea-Chinese Banking Corporation (OCBC) and United Overseas Bank (UOB).

They will be able to operate for an initial 12-month period before being given a final licence to do business in the country, according to the Central Bank of Myanmar statement.

Central bank vice-governor Set Aung told parliament in June that foreign banks would be subject to a range of restrictions to protect the interests of local lenders.

Foreign banks will be required to hold at least $75 million, restricted to opening only one branch each and will not be allowed into the retail banking sector, he said.

It was not clear if these same conditions applied to the licences granted Wednesday as officials were not immediately available for comment.

The International Monetary Fund has praised Myanmar's economic reforms, including giving autonomy to the central bank and adopting a floating rate for the kyat.

But local people remain deeply suspicious of the banking system after decades of junta rule, and large swathes of the population deal only in cash.

Banks in what was then Burma were nationalised by the military regime that came to power in 1962. They disintegrated with the economy during the bungled implementation of socialist-style policies, which were laced with superstition -- the kyat currency was at one point issued in denominations of nine, an auspicious number.

Nepalese, Bangladeshi firms win coding grant competition

STAR BUSINESS REPORT

Robotics Association from Nepal and Better Stories Ltd from Bangladesh yesterday won a regional competition for implementing innovative ideas to expand coding knowledge among youth to help them secure and create gainful employment.

Robotics Association is the only national-level non-profit association in the Himalayan country that provides an outstanding platform for students and enthusiasts.

Set up in 2008, Better Stories Ltd aims to create a whole new generation of leaders for Bangladesh through entrepreneurships. Four finalist organisations from Bangladesh and three from Nepal presented their proposals to a panel of judges comprising of leading IT and development experts at the final round of the annual regional grant competition at Lakeshore Hotel in the capital.

The winning organisations received up to $10,000 each to implement the innovative ideas, the WB said in a statement yesterday. The World Bank and Microsoft organised the competition 'Coding your opportunity' for the youth led organisations and NGOs.

South Asia is home to the world's largest population of working age youth. Learning about coding and computing has become an essential job skill in today's world, said Christine Kimes, acting country head of the WB.

"The competition received many good proposals and we are hopeful that the winning projects would create awareness about coding and help the condition of the participating countries for gainful employment."

Clair Deevy, corporate social responsibility lead for Asia Pacific at Microsoft, said: "Through the technology partnership with the WB we see a huge opportunity for young people in Bangladesh, Sri Lanka, Maldives and Nepal to benefit from the work of Better Stories Ltd and Robotics Association of Nepal." The competition was rolled out in four South Asian countries - Bangladesh, Nepal, the Maldives and Sri Lanka. The competition had received over 70 project proposals, the statement added.

Alibaba and Wanda face off: online and offline

AFP, Beijing

China's former richest man Wang Jianlin once bet Alibaba founder Jack Ma 100 million yuan ($16.3 million) that online purchases in the country would not eclipse bricks-and-mortar buys in the next decade.

But while Wang says he laid the wager "for fun" two years ago, the billionaires' business interests are increasingly converging as Chinese consumers' spending habits undergo a seismic shift -- and much larger sums are at stake.

China has the world's biggest population of Internet users, with annual online sales jumping 41 percent in 2013. However, that figure represents a paltry 7.8 percent of overall retail sales, leaving plenty of room for growth.

Zhuo Saijun, a Beijing-based analyst with Analysys International, told AFP consumers were increasingly going online to purchase "in the easiest and most convenient way".

"If an online platform has more advantages in terms of cost performance and information retrieval, consumers will definitely be more inclined towards online," he said.

The e-commerce explosion contrasts with the slowdown of retail sales as a whole, a palpable trend even before the luxury market was hit by party cadres curbing excessive spending in response to President Xi Xinping's anti-corruption drive.

Property developers, already saddled with excess commercial space, are spooked.

Half the world's shopping mall projects underway are in China. Among them is northeastern Shenyang city, which has 28 megamalls for six million people.

The spread of malls has accelerated under pressure from local governments, with Chinese cities taking nine of the top ten spots in the world last year by amount of newly constructed retail space, US consultancy CBRE says.

Occupancy varies according to location, with some never empty while others in the farther reaches struggle to attract repeat customers, said K.K. Fung, managing director for Greater China at real estate investment firm JLL.

Typically marrying an array of clothing and cosmetic franchises with fast-food courts and coffee outlets, some become "phantom malls", filled with little more than an incessant soundtrack of syrupy muzak.

Larger cities can absorb the construction of more malls but provincial capitals "will suffer", Fung cautioned. National supply is expected to double between 2013 and 2016.

"Some developers made promises to governments, they are caught between a rock and a hard place," Fung said.

To compete with online rivals, he said malls have increased the number of restaurants and food providers, while some have opened theme parks or kindergartens. One in Shanghai saw sales jump 20 percent after exhibiting paintings by Claude Monet.

These malls represent the next retail frontier for China.

While Wang built his name with Wanda, a commercial property conglomerate that owns hotels, cinema megaplexes and shopping malls, Ma's rise came on the success of upstart e-commerce businesses under the Alibaba group.

Alibaba's Taobao is estimated to hold more than 90 percent of the online consumer-to-consumer Chinese market, with 800 million product listings and around 500 million registered users.

Seeing opportunities to consolidate strengths on the other's turf, Wang and Ma's once-distinct portfolios have now blurred.

Alibaba group invested $692 million in Chinese department store operator InTime in March, and Wang joined forces with tech giants Tencent and Baidu in August to set up an e-commerce platform costing more than $800 million.

Wang and Ma are both seeking to capitalise on Chinese smartphone use to push users into physical stores with extra benefits once inside -- a process known as "online to offline" retail.

Alibaba and Intime say they will expand an agreement allowing shoppers to purchase items instore with the Alipay app, and provide targeted promotions and membership benefits when connected to instore wi-fi and location-based technology.

Wanda, Tencent and Baidu will share a user membership system, synchronise customer data and offer the same wi-fi network across all Wanda's 107 malls, according to the Financial Times.

A series of as yet-unannounced "innovative online financial products" is also in the pipeline, Wanda says.

However, Alibaba will be loath to lose business from its core platforms and has invested as much recently in logistics and postal services as in physical retail.

It has good reason not to stray too far from its tech roots. Last week Ma became China's richest person -- pushing Wang into second place -- following Alibaba's record initial public offering in New York.

Internet users rise to 4.08cr

STAR BUSINESS DESK

Bangladesh has 4.08 crore internet users as of August, according to the Bangladesh Telecommunication Regulatory Commission.

Of them, mobile internet controls the larger share with 3.93 crore users while WiMAX providers have 271,831 users and internet service providers and PSTN operators together have 12.31 lakh users.

The country added one crore internet users since November 2012, according to the BTRC statistics. There are 11.75 crore active mobile users.

Bangladesh wins ICT awards

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BCS Vice President Mojibur Rahman Swapan received the award on behalf of Banglalink and M Sabur Khan, chairman of Daffodil International University, on behalf of the university.

The WITSA Global ICT Excellence Award is handed out every two years in conjunction with the WCIT.

With the goal of identifying the most outstanding ICT users, the awards honour organisations that have demonstrated exceptional achievement in using ICT to benefit societies, governments, organisations and individuals.

STAR

Saiful Islam, managing director of Picard Bangladesh, receives a CIP card for 2012 from Commerce Minister Tofail Ahmed at a function at Radisson Hotel in Dhaka yesterday. Islam received the award in leather and leather goods export category.

STAR

Kutub Uddin Ahmed, chairman of Envoy Textiles Ltd, receives the CIP card for 2012 from Commerce Minister Tofail Ahmed at a function at Radisson Hotel in Dhaka yesterday. Ahmed received the award in textile (fabrics) category.

STAR

Abdullah Al-Mahmud, MD of Hamid Weaving Mills Ltd, receives the CIP card for 2012 from Commerce Minister Tofail Ahmed at a function at Radisson Hotel in Dhaka yesterday. Abdullah Al-Mahmud was awarded in textile (fabrics) category.

STAR

MA Jalil, managing director of Polo Composite Knit Industry, receives a CIP card for 2012 from Commerce Minister Tofail Ahmed at a function at Radisson Hotel in Dhaka yesterday. Jalil received the card in knitwear export category.

147 get CIP cards

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Of the total export earnings, 94 percent come from only seven items as export diversification is taking place very slowly, he said. "The government should form a special advisory council to facilitate product and market diversifications so that exports of non-traditional items increase further," Islam said.

FBCCI President Kazi Akram Uddin Ahmed said many Japanese and US companies are coming to Bangladesh with investment. Hedayetullah Al Mamoon, senior secretary to the commerce ministry, chaired the programme. Shubhashish Bose, vice-chairman of Export Promotion Bureau, Monoj Kumar Roy, additional secretary to the commerce ministry, and Monowara Hakim Ali, FBCCI vice-president, also spoke.

Foreign funds in DSE hit record Tk 426cr

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Net investment increased manifold due to growing confidence and a positive outlook about the market among the foreign investors, said Swapan Kumar Bala, managing director of DSE.

Also known as portfolio investment, foreign investments account for around 1 percent of DSE's total market capitalisation of Tk 341,003 crore as of yesterday.

Banks were initially the foreign investors' preferred sector, but non-bank financial institutions, power and energy, pharmaceuticals, multinationals, telecoms and IT also caught their attention.

In January-September, foreign investors bought shares worth Tk 3,568.46 crore and sold shares worth Tk 1,490.37 crore to yield a net investment of Tk 2,078.09 crore, according to DSE data.