

Focus on higher world economic growth

Two-day ICCB conference kicks off Saturday

SUMAN SAHA

BANGLADESH is set to be in the limelight of global business leaders, economists and policymakers as a two-day international conference on Asian economic growth, trade and investment begins in Dhaka on Saturday.

The conference, organised by the International Chamber of Commerce Bangladesh (ICCB), will provide an opportunity for world business leaders, policymakers and academics to share their thoughts and ideas on how to maintain higher economic growth.

The Bangladesh chapter of ICC, the world business organisation, will hold the conference to mark 20 years of its presence in the country at Bangabandhu International Conference Centre and Sonargaon Hotel in Dhaka.

The event is expected to be attended by 500 delegates including ministers, business leaders, economists, ICC leaders and academics from home and abroad, said Mahbubur Rahman, president of ICCB.

Abdul Hamid, president of Bangladesh, is expected to inaugurate the conference as the chief guest and Dr Mukhisa Kituyi, secretary general of United Nations Conference on Trade and Development, will join as a special guest.

Sunil Bharti Mittal, vice chairman of ICC, John Danilovich, secretary general of ICC, Victor K Fung, chairman of Fung Group, and Binod K Chaudhary, president of Chaudhary Group in Nepal, will also attend the conference.

"The ICCB conference will be a platform for global business leaders, think-tanks and policy-makers to share with each other their knowledge and experiences," Rahman said in an interview with The Daily Star at the chamber's office in Dhaka.

The world economy, five years after the global financial crisis, is showing signs of rebound this year with Asia, led by China,



Mahbubur Rahman

Japan and India, playing a significant role, Rahman added.

It is expected that Asia will continue to lead the way for sustained growth and global leaders have to prioritise development of an integrated strategy to sustain the projected world growth momentum, he said.

"Although Asia has made major strides since the 2008-09 global recession, not all countries are out of the woods," said Rahman.

The Asian Development Bank projects regional growth to pick up to 6.2 percent in 2014 and 6.4 percent in 2015 for most Asian countries.

"But this is not fast enough," Rahman said. WTO's forecast of trade growth is interesting; although the 2014 forecast of 4.7 percent is more than double the 2.1 percent increase of last year, it remains below the 20-year average of 5.3 percent growth annually, he said.

"It is, therefore, imperative that world lead-

ers give their top most priority for development of an integrated global strategy to sustain the projected world growth momentum."

"That's why we have chosen the theme 'Global Economic Recovery: Asian Perspective' for this year's conference," he added.

Rahman, also a former president of Federation of Bangladesh Chambers of Commerce and Industry, urged the government to take necessary steps to boost private sector investment.

"Bangladesh has set an ambitious goal for itself to become a middle income country by 2021. Observing the successes of several countries in Asia during last few decades, this is an achievable goal."

However, the government should also recognise the challenges, he said. "Perhaps, most importantly, we need to increase investment, improve macro-economic governance and tackle energy and infrastructure deficits."

The country's economic model emphasises the role of the private sector; over the last two decades, it has made a major contribution to achieving and maintaining the GDP growth rate of over 6 percent, he said.

Bangladesh requires at least 8 percent growth to become a middle income country and this is possible only if the investment-GDP ratio is maintained at 30 percent, he added.

The conference has been divided into four sessions to focus on particular themes, including global economic recovery as a contemporary reality, realities and challenges to Asian growth, investment promotion in Asia, and effects of the Bali outcome on future trade.

The Paris-based ICC was established in 1919 to promote a free market economy and facilitate cross-border business transactions. It is the largest and most thoroughly represented business organisations in the world. Member companies in over 130 countries have interests spanning in every sector of private enterprise.

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The future of banking is digital

Says chief of Mutual Trust Bank, which celebrates 15th founding anniversary tomorrow

MD FAZLUR RAHMAN

LOCAL banks will have to adopt digital platforms and rearrange their products and services accordingly to meet the growing demand of a population who have embraced mobile technology widely, a top banker said.

"Banking will have to become digital thanks to the advancement of technology. So, our services will have to embrace technological solutions," said Anis A Khan, managing director of Mutual Trust Bank.

He, however, said bank branches would not become absolute completely, as it has not happened even in the US despite adoption of the developed technology, and people there still like to go and visit a bank branch.

"However, branches will not be that roomy, and technology and machines will play a big part in the operations," he said.

Khan said the unprecedented advancement of mobile technology in Bangladesh, where 11 crore people have mobile phones and four crore of whom use internet on their devices, has opened the door for banks to come up with financial products for the vast majority of the population.

The career banker referred to a banking industry conference in the US earlier this month where Bill Gates, the world's richest man and a philanthropist, lauded the proliferation of the mobile technology in Bangladesh and talked about the opportunity for banks.

Khan sat with The Daily Star at the bank's headquarters in Gulshan yesterday to talk about a number of issues, ranging from MTB's 15th anniversary to expansion to human resources development.

Set up by a number of leading industrialists and entrepreneurs in 1999, MTB will celebrate its founding anniversary tomorrow.

In less than two decades, MTB has established its footprint in the banking industry.

In 2013, the bank's total deposits stood at Tk 8,437 crore, up by 12 percent over 2012. With a growth of 5 percent, total loans and advances were Tk 5,958 crore.

In the same year, its operating profit was



Anis A Khan

Tk 202 crore, which was 52 percent higher than that of 2012. Net profit after tax was Tk 57 crore, up by 75 percent over 2012.

The bank has set up more branches compared to its contemporaries in order to boost the lender's capacity to serve customers. The bank will open its 100th branch in its own building at Bangla Motor in the capital today.

At the end of 2014, the number of branches will be 102, ATMs 200 and 2,200 point of sales machines.

The bank also strengthened its financing for small and medium enterprises who now account for about 8 percent of its outstanding loans.

"We are very strong in case of SME banking. They are all successful products," said Khan, a law graduate from Dhaka University.

Khan joined MTB in 2009 and has shaped the bank in a new way since then.

He envisions turning the bank into one of the best performing banks in Bangladesh and make it a bank of choice and a truly world-class bank.

The bank has seen more growth and expansion in activities under Khan's leadership, as it is focused on optimisation of the investment in people, network, technology, products and services.

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REUTERS/FILE

Workers clear a track in a railway coal yard on the outskirts of Ahmedabad, India.

India's Modi burnishes economic credentials with reform blitz

AFP, New Delhi

INDIA'S Prime Minister Narendra Modi has unleashed a slew of reforms in the past week, scrapping fuel subsidies, simplifying labour rules and pledging to open coal mining to private players in a bid to kickstart the economy.

The reforms are seen as some of the most significant since Modi's right-wing Bharatiya Janata Party (BJP) in May scored India's biggest electoral win in three decades.

But analysts say the reforms so far represent the low-hanging fruit, and warn Modi does not yet have enough upper house seats to push through more politically sensitive changes that are key to getting growth back on track.

Modi has faced criticism that he has been slow to act on his election promise to revive India's lumbering economy and create much-needed jobs for its 1.2 billion people.

"Mr Modi is determined to make doing business in India more easy," Deepak Lalwani, India director at London-based consultancy Lalcap, told AFP. "That should attract foreign investment."

In a week Modi has reduced paperwork and inspections of factories to ease the burden of manufacturing in India, which is currently at an unenviable 134th on a World Bank ease-of-doing business chart.

In a bow to free markets, his government released diesel pricing from state control, ending a battle for eliminating subsidies on the largest component of Indian fuel consumption.

It also cleared a delayed increase in domestic gas prices, hiking by one-third the amount the government pays natural gas producers to encourage exploration in the fuel-hungry nation.

Economists have long argued India's potential will only be unleashed when it curbs subsidies, relaxes suffocating regulation and rigid labour laws and eases complex rules governing industrial land acquisition.

On Monday the government announced measures to pave the way for private companies to sell coal, helping to break the monopoly of one of the world's biggest mining giants, Coal India.

Modi's government is also readying to sell a five-percent stake in state-run heavy-weight Oil and Natural Gas Corp. in the hope of raising \$3 billion, which would help trim this year's fiscal deficit.

India's share market has already reached near record heights as Modi pursues his mantra of "maximum governance, minimum government", seeking to jumpstart growth that fell below five percent last year -- half the rate of just a few years ago.

The government plans in the next parliamentary session to scrap nearly 300 outdated laws, many of which were enacted under British colonial rule and contribute to India's notoriously cumbersome legal system.

It has already hiked defence and insurance foreign investment caps to 49 percent from 26 percent and announced plans for private-public partnership to build more roads, railway and other infrastructure.

While the reforms so far are the simplest economists say they will reduce red tape and increase India's appeal to investors.

Modi has already appealed to the world to "make in India" as the country seeks jobs for its army of young people.

However, the big-bang reforms, such as amending the industrial disputes act to make it easier to lay off workers, are untouched.

In emerging beauty markets like Brazil, new products key

AFP, Rio De Janeiro

IN Brazil, women primarily wear their hair long, and need to tackle the country's generally hot, humid climate when they style it. They also demand a wide range of sun protection creams.

Beauty industry giants such as L'Oreal, Unilever and Procter & Gamble that are looking to crack key emerging markets like Brazil are quickly adapting their product lines to suit local tastes.

In the South American country, where women use an average of five products a day, the investment is a crucial one -- but quickly pays dividends, industry experts say.

The changes "mainly involve offering new colors and textures to suit the needs and expectations of these new consumers," according to Gaelle de la Fosse, an expert in consumer goods and retail with the Roland Berger consultancy in Paris.

But companies must also find the right balance between expanding their product offers and keeping costs in check, she added.

L'Oreal, the world's leading beauty group, just launched a new investment program in Brazil -- the number four market after the United States, Japan and China, and one expected to double in size by 2025.

Product lines in Brazil must be extremely diverse, given its ethnic make-up -- skin tones and hair textures differ widely.

Blaise Didillon, who heads L'Oreal's R&D team in Brazil, says there are at least eight types of hair. "The challenge of adapting... is so important that there is value in being close to the markets, in order to serve them better," notes de la Fosse.

L'Oreal -- currently number four in Brazil -- is learning that lesson, with plans to open a new regional R&D center in Rio de Janeiro in 2016 and "micro-distributors" selling products



AFP

Beauty industry giants such as L'Oreal, Unilever and Procter & Gamble that are looking to crack key emerging markets like Brazil are quickly adapting their product lines to suit local tastes.

in the favelas of Rio and Sao Paulo.

Oru Mohiuddin, a cosmetics analyst at London-based consultancy Euromonitor International, says tailoring products to emerging markets has become much easier.

"In the past, we only really saw shampoos and basic anti-aging products. Now, it's much more targeted -- for example, hair products with special conditioners in Latin America," she said.

Companies are using local ingredients to entice consumers. In Brazil, babassu oil is used in hair products.

Such products -- developed with local exper-

tise -- can then sometimes be distributed in other countries with similar needs.

Skin care items created by Vichy and La Roche-Posay specifically for Brazil are now sold elsewhere. Versatile BB creams -- a cream that acts as an all-in-one moisturizer, primer and sunscreen and first developed for Asian women -- are now widely available around the world.

Distribution in emerging markets also requires new approaches. Sometimes, it can be as simple as smaller and cheaper packaging, according to de la Fosse. Other times, new sales locations are found.

Switzerland top destination for expats

AFP, London

SWITZERLAND is the world's favourite destination among expats, followed by Singapore and China, a poll on quality of life for bank HSBC found on Wednesday.

"Many Switzerland-based expats mentioned the better work-life balance, availability of outdoor activities and the family-centric culture as the reasons they enjoy the Swiss life-style," the British bank said.

The poll questioned 9,300 people working in various sectors and mostly aged between 35 and 54.

They were asked about their financial situa-

tion, such as salary, savings and the local economy, as well as their quality of life and family issues such as education opportunities for children.

Switzerland emerged the winner, with a trusted economy, good quality of life and comfortable salaries: a quarter of expats said they earned more than \$200,000 (157,000 euros) a year.

Asia was a strong region for salaries, with an average annual expat wage of \$120,000, compared with a global average of \$92,000.

Singapore "performs solidly in all areas accounting for quality of life" while offering good economic opportunities, the survey said.

Meanwhile, China was a top country for high-earners, with one in four of respondents there earning more than \$300,000 a year, and having more disposable income to spend on their social lives.

Other top-ranked countries were Germany, seen as stable and safe, followed by Bahrain, New Zealand, Thailand, Taiwan, India and Hong Kong. The lowest-ranked of the 34 countries was Egypt, followed by the United Kingdom and Brazil.

While expats said that Britain was easy to integrate into, it scored badly as a place to raise children, for financial and economic issues and for quality of life.