

# Saarc looks to a new era of economic prosperity

*The Nepalese commerce minister says economic issues will dominate this year's Saarc summit*

MD FAZLUR RAHMAN

**T**HE upcoming Saarc Summit in Kathmandu could mark the beginning of a new era as leaders are gradually moving away from political issues to economic matters to bolster growth in the region, which is home to more than half a billion poor people.

Sunil Bahadur Thapa, minister for commerce and supplies of Nepal, said there has been a change of heart in the countries of the eight-member bloc, and it would be manifested in the 18th edition of the summit to be held later this month.

The gathering at the Nepalese capital will be dominated by economic and social agenda, not political agenda, he told The Daily Star in an interview on the sidelines of the International Chamber of Commerce Bangladesh's international conference last week in Dhaka.

"Peace and prosperity and economic agenda have overshadowed the political school of thought. Now Saarc will be going more towards prosperity and development, rather than confining itself to political agenda. It is high time we move out from that narrow vision."

South Asia has experienced a long period of robust economic growth, averaging 6 percent a year over the past 20 years. This strong growth has translated into declining poverty and impressive improvements in human development.

Still, the region is home to many of the developing world's poor. About 571 million people in the region survive on less than \$1.25 a day, and they make up more than 44 percent of the developing world's poor, according to the World Bank's most recent poverty estimates.

Thapa, also a former senior executive of the United Nations High Commission for Refugees, said the South Asian Association for Regional



Sunil Bahadur Thapa

Cooperation (Saarc) should look to emulate the success of other transformational regional economic blocs.

Set up in 1985 with a lot of enthusiasm, so far Saarc has failed to live up to its expectation, let alone be as effective as the EU and Asean. At present, intraregional trade stands at only 5 percent of their global trade.

"What has happened over the years is that Saarc was basically more focused on its own political agenda than on economic progress. As a result, its activities were limited to the heads of states, bureaucrats and politicians only," he said, while citing the number of boards under the Saarc framework in areas of trade, commerce and tourism as a case in point.

The bodies were not given the resources to function properly.

"Saarc has great potential in the region if you look at the amount of natural and human resources, and wealth we are sitting on. We have got more than what the EU holds, but unfortunately we have not been able to put it together. But time has come to heighten our integration."

The change in guard in India, the region's economic giant, has given the union a fresh impetus, according to Thapa.

The new Indian government led by Narendra Modi is more focused on economic prosperity, development and connectivity within his country and with neighbours, and not on political agenda. "When India itself has opened up, why should we have

the old mindset? Let's move forward with a clear and better view of it."

For a start, he said Saarc's multiple visa, which allows holders to roam freely in the region, should be open to all and not just limited to diplomats, business people, journalists, bureaucrats and sportspersons. The planned power transmission line can also link the region effectively. And not least, the South Asian Free Trade Area, which is punctuating bilateral issues with a Saarc accent, he said.

Going forward, the Nepalese minister called for removal of tariff and non-tariff barriers, both of which have barred the nations from conducting more trade between themselves.

Thapa, who has an MA in govern-

ment and public administration from Claremont Graduate School in California, however admitted that some Saarc countries produce certain commodities that need home trade protection; if they are removed, the countries would face difficulties.

"That is one of the reasons why India has not agreed to the World Trade Organisation on food security and food subsidies. We have our own sensitive list and tariff and non-tariff barrier issues. But once economies in the region start to open up, we will see more trade in the region."

The minister also said Saarc Development Bank is also possible to meet the financing need of the region.

"If the regional leaders can go all the way to Brazil and South Africa to set up BRICS and later the Asian Infrastructure Investment Bank, then I think something along the lines of Saarc Development Bank, right in our own heart, has a future."

The only son of former five-time Nepalese Prime Minister Surya Bahadur Thapa, Thapa cited cases in which the absence of a regional bank is hampering trade and commerce. For instance, if a purchase is made from Bhutan, problems arise when it comes to making the payment. The same is true in China as well. "So there is a need for a bank like that."

Hari Kumar Shrestha, Nepalese ambassador to Bangladesh, who accompanied the minister during the interview, said there is a Saarc Development Fund, but the subscribed capital is too small. "So, there is a possibility to transform the fund into a Saarc Bank," he said, adding that a proposal has already been placed at the Saarc secretariat.

Thapa added: "The foundation for the bank has already been laid -- we just need to build on that."

The minister said his country has

already come up with some ideas for Saarc that can bring the nations closer than before, such as the two agreements signed with India on electricity cooperation. One agreement will allow Nepal and India to trade power, and the other will let an Indian private company to produce 900 megawatts of hydroelectricity in Nepal.

"This has opened the scope for investment from other countries. All countries can come, invest and develop power in Nepal -- we are just sitting on hydropower resources."

Some 81,000mw of electricity can be generated in the Himalayan nation -- which is more than ten times of what Bangladesh is producing today -- but it is only producing 1,200mw for lack of funds. "We have made a landmark departure in our trade outlook -- we have now opened up Nepal for trade and investment," Thapa said.

He said Nepal is the only country in the region which provides visa without any fee, while calling for this practice to be incorporated in the Saarc framework.

On trading relationship between Bangladesh and Nepal, the 55-year-old said there are some issues that need to be addressed to boost bilateral trade. "On the sidelines of the Saarc Summit, the leaders will also address the issues collectively and bilaterally."

Nepal imports pharmaceuticals, processed food, electrical transformers and plastic goods from Bangladesh, while Nepalese lentil is very popular in the country, he added.

Meanwhile, Shrestha said there is ample scope for trade between Nepal and Bangladesh, adding that his government has requested for preferential treatment for its primary products from Bangladesh.

[fazlur.rahman@thedailystar.net](mailto:fazlur.rahman@thedailystar.net)

## Asia Inc leads West in business in Myanmar

REUTERS, Yangon

**A**SIAN businesses are gaining a foothold in Myanmar far quicker than those from Europe and North America, with China, Thailand, Hong Kong and Singapore accounting for nearly half of the firms setting up in the fast-changing country.

According to the government's Directorate of Investment and Company Administration (DICA), 134 Singaporean, 80 Thai, 73 Chinese and 85 Hong Kong companies signed up to do business in Myanmar by Sept. 30. That compared with 18 from Canada, 15 from the United States, 15 from Australia, 10 from Netherlands, three from France and two from Germany.

British companies have shown by far the most interest among the Europeans, with 75 businesses set up in the former Burma.

Myanmar is in the midst of shake-up in its fledgling economy, with moves to attract investment steered by a reformist, semi-civilian government that took office in 2011 after the end of 49 years of military rule.

Despite being rich in natural resources, including timber, oil, gas and precious stones, investment during military rule was limited by Western sanctions and concern about doing business in an unstable economy run by exploitative, venal generals.

Asian conglomerates like Thailand's Charoen Pokphand Group (CP) and state energy group PTT Pcl, Singapore's Yoma Strategic Holdings and Japan's Mitsubishi Corp and Marubeni Corp were among the first movers in Myanmar in setting up local units.



From left, Indian Hindu, Muslim, Sikh, and Christian religious leaders sit together following prayer rituals for the launch of the Jet Airways inaugural flight to Ho Chi Minh City at Terminal 3 of Indira Gandhi International airport in New Delhi yesterday. On the right, a staff of the airline watches a prayer ritual prior to the launch of the flight.



## Wall Street welcomes Alibaba results

AFP, New York

**C**HINESE online commerce giant Alibaba met Wall Street expectations Tuesday in its first quarterly report after completing the world's biggest stock offering, propelling its stock to record territory.

Alibaba said its adjusted third quarter net profit rose by 15 percent to \$1.1 billion. But using standard accounting practices that include depreciation and one-time costs, profits fell 39 percent to \$494 million.

Revenue jumped 53.7 percent from the same quarter last year to \$2.7 billion.

"We delivered a strong quarter with significant growth across our key operating metrics," Alibaba Group chief executive Jonathan Lu said in a statement.

Shares in Alibaba jumped to new record highs, adding 2.2 percent to \$104 after the news.

Alibaba operates China's most popular online shopping platform, Taobao, which is estimated to hold more than 90 percent of the country's online market for consumer-to-consumer transactions.

As it does not sell products directly, but acts as an electronic middleman, Alibaba has been able to generate enviable profit margins.

The company also seems to be managing well the transition to mobile devices.

It pointed to a staggering 1,000 percent rise in revenue generated from people accessing its services via mobile devices, to \$606 million.

## 13-year-old entrepreneur gets Intel fund for low-cost Braille printer

REUTERS, Huntington Beach California

**I**F Shubham Banerjee cannot lay claim to being the world's youngest venture capital-backed entrepreneur, he comes very close.

Banerjee was 12 years old when he closed an early-stage funding round with Intel Capital, the company's venture capital arm, last month for his prototype for a low-cost Braille printer. Since then, the San Jose, California middle-schooler has turned 13.

That's young, even by the standards of Silicon Valley, where many venture capitalists unapologetically prefer to fund youth over experience.

Young entrepreneurs usually have reached at least their mid-teens when they hit it big. Nick D'Aloisio, founder of online news aggregator Summyly, was 17 when Yahoo bought his company last year for \$30 million. Brothers John and Patrick

Collison, behind payments service Stripe, were 16 and 19 when they sold an earlier business to a Canadian company for \$5 million.

After reading a fundraising flyer about the blind, Banerjee felt inspired to turn a high-tech version of Legos, the toy building blocks, into a device that could print in Braille. One day, he wants to mass-produce the printers and sell them for about \$350, far less than Braille printers cost now.

This past summer, he worked on incorporating an Intel Edison chip, a processor aimed at hobbyists, into the printer. In September, Intel invited him to a conference in India to highlight uses for Edison. There, he got a big surprise.

Intel executive Mike Bell announced from the conference stage that the giant chipmaker would invest in his company, Braigo Labs. Until then, his funding consisted of the \$35,000 his parents gave him. "I turned back to my dad, and

said, 'What did he just say?'" Banerjee recalled. "I was all over the place."

Banerjee and a spokesman for Intel Capital declined to disclose the size of the investment. A person familiar with the matter said it was a few hundred thousand dollars. He plans to use it to build a better prototype of the printer and test it with more groups for the blind.

After the announcement, Banerjee had to bone up on unfamiliar terms such as "venture capital."

He also needed to convince adults to co-sign his funding and patent documents. Among the company officials he turned to: Braigo's president, his mom, Malini.

Banerjee says he gets mostly As and Bs as a student at the Champion School in San Jose, California. Teachers have given him time off to attend events like the conference in India and the Intel Global Capital summit this week in Huntington Beach, California.

## Japan court orders \$0.5m damages for overwork suicide

AFP, Tokyo

**A** Japanese court has ordered a restaurant chain and two personnel to pay more than half a million dollars damages to the family of a man who killed himself after being forced to work nearly 200 hours overtime a month.

Tokyo District Court said the president of Tokyo-based Sun Challenge, a steak house chain, and another official had been culpable in failing to stop the unidentified employee from working excessive hours.

"With only one holiday given to him every several months, the psychological load of prolonged work and power harassment caused his mental disorder," said presiding judge Akira Yamada, according to a Kyodo News report on Tuesday.

Yamada ordered the company and its two officials to pay a total of 58 million yen (\$510,000) to the parents of the man, who was 24 when he took his own life in November 2010.

The employee began working for Sun Challenge in 2007 and was appointed restaurant manager in July 2009.

In the seven months before he hanged himself, he had worked an average of 190 hours overtime every month and had taken just two days off.