Banglalink sets its goals to 4G

ABDULLAH MAMUN

BANGLALINK plans to participate in next year's 700 megahertz spectrum auction, depending on the terms and conditions of the licensing process, which will allow it to roll out 4G services, said a top official of the company.

"4G is on the horizon and we are committed to participate in the auction, but it depends on the process and how much spectrum the government offers," said Rene Schuster, chief operating officer of VimpelCom, the owning company of Banglalink.

"We see huge potential in this country and the company has been implementing its plan to grow for the last two to three years," he said.

Schuster was recently in Dhaka on a short visit when he discussed issues like the operator's plans on 4G services with The Daily Star.

Ziad Shatara, chief executive officer of Banglalink, the country's second largest operator in terms of subscription, was also present at the interview.

The government plans to release the 700 MHz band next year through an auction, at a time when operators in the country are offering 3G services.

Technically, 4G is termed as long term evolution (LTE) and it is delivered with different spectrum bands including the 700 MHz, 1800 MHz, 2100 MHz, 2400 MHz or even 900 MHz.

In Bangladesh, operators are offering 3G services with 2100 MHz while they are providing 2G services with 900 MHz and 1800 MHz.

Schuster expects that the spectrum release will be through an open and transparent process next year.

"The 4G technology is breathtaking and spectacular. It is 10 to 20 times faster than 3G," Schuster said.

VimpelCom is currently serving 22 crore customers worldwide, while 10 crore are already experiencing 4G, he said. "So the capability, knowhow and the footprint are already in the company."

"We will bring the knowhow and experience in Bangladesh by training the engineers here. We will also let the other engineers see how 4G has been deployed in other markets, which will give Banglalink a comparative advantage."

For the next generation technology, 4G-enabled mobile handsets are a must. "Smartphone penetration is still quite low in Bangladesh. The market will need some time to prepare for the technology."

Currently, VimpelCom offers cost effective smartphones for $80 for its customers in different markets, which will be continued to become more cost effective, he said.

"Usually, a 60-70 percent penetration in smartphone use is witnessed in markets before 4G take-up. But it does not mean 4G is not possible in Bangladesh, or we are not ready. Anything is possible," said Schuster, who was appointed as group COO in July this year.

"In the next two to three years, we will see an explosion in smartphone take-up in Bangladesh," he hoped.

On the company's future plans, he said, "We are in the middle of executing our future plans, so it is nothing new, but we intend to continue to grow our market share in Bangladesh. We will continue to roll out 3G services by focusing on quality."

"We aspire to become the number one data provider and for that, the company will continue to invest, although the goals are very ambitious."

Currently, Banglalink has about 11 lakh 3G users while the company has more than 3 crore subscribers. The company had purchased 5 MHz spectrum in the 2100 band in an auction last year to roll out 3G.

On the ability of the company to become the top data service provider in the country with 5MHz spectrum, Shatara of Banglalink said, "We have purchased 5 MHz frequency as that is what we need at present. After two years, when our customer base grows, we will purchase more frequency."

The company did not purchase more than 5 MHz of spectrum as it did not want to burden its shareholders, he said, hoping that many more subscribers will come under Banglalink's 3G coverage this year.

Shatara also said the SIM tax is the main barrier to growth in the telecom sector. He urged the government to ease it.

For each SIM sale, the operators give Tk 300 as tax to the government. The tax is supposed to be paid by the customers, but operators pay for it as a subsidy to grab new customers.

Left, **Rene Schuster, chief operating officer of VimpelCom, and Ziad Shatara, CEO of Banglalink.**

The 'look east' policy of Bangladesh

SADIQ AHMED

THE recent visit of the prime minister of Bangladesh to Japan and China if carefully nurtured opens up huge development opportunities for Bangladesh that can materially affect the long-term welfare of its population. This requires the government to develop a sound look east economic cooperation policy that contains the following four pillars: (a) trade expansion, (b) expansion of foreign private investment in Bangladesh, (c) regional connectivity and other infrastructure connections; and (d) modernising the infrastructure of Bangladesh through high visibility infrastructure projects.

The focus of the look east policy would largely be on China, Japan and Korea but I believe that Myanmar should be included because of its geographical location. The remainder of this note develops the rationale for this policy.

The global economy has been transforming substantially with the rapid growth in income and exports in China and Korea, especially China, over the past few decades. In 2012 China, Korea and Japan (CKJ) together accounted for 21 percent of total global gross national income (GNI) in nominal dollar terms based on the World Bank's Atlas method.

This compares with 23 percent for USA and 18 percent for the European Union (EU). If the purchasing power parity (PPP) method is used, which is a more accurate measure of internally comparable income definition, then the CKJ share grows to 21 percent while the US and EU shares fall to 19 percent and 14 percent respectively implying that the CKJ group of countries constitute the largest economic area in the world.

Indeed, more recent data (September 2014) shows that China's GNI in PPP term now exceeds that in USA, making China the world's largest economy in PPP terms.

Commensurate with its growing global presence in income terms, trade flows have also been increasing. In 2012, CKJ countries exported some $3,522 billion of goods and services as compared with $2,212 billion by USA and $7,339 billion by the EU.

In terms of imports, the values are $3,820 billion by CKJ, $3,306 billion by USA and $8,458 billion by the EU. While the EU is the clear leader in world trade, accounting for 33.3 percent of global imports, at 15 percent the CKJ area imports exceed that of USA (13 percent) by a handsome margin.

Apart from growing income, the CKJ has two other features that stand out from the perspective of a developing economy like Bangladesh. First, the CKJ countries have traditionally achieved large current account surpluses owing to their strong export orientation.

Over time the foreign reserve levels have swelled. With reserves estimated at $3.9 trillion, China sits at the top of the global list of owners of foreign reserves, followed by Japan at number 2 ($1.3 trillion).

With $368 billion, Korea is placed at number 8. These levels of reserves, especially in China and Japan, are unprecedented and speak volumes about the financial strength of these economies.

Second, all CKJ countries are exceptionally well endowed with technical knowledge, design and engineering capabilities in the area of infrastructure development. These capabilities are comparable to those found in USA and the EU.

Combined with surplus foreign resources, these capabilities make the CKJ countries an attractive source of supply of infrastructure projects to developing economies. The infrastructure marvels achieved are obvious to a visitor to these countries. Japan, arguably, also has superb urban planning skills that can be well appreciated when visiting Tokyo.

There is a lot that Bangladesh can learn from this and get expert advice and technical assistance from Japan to re-engineer the Dhaka city layout and transport network, thereby considerably improving the productivity of Dhaka city while also making it more liveable.

The rationale for Bangladesh policy to look east is clear. Bangladesh is eager to diversify and increase its export markets. It has already successfully penetrated the US and EU markets for its exports but the vast CKJ market remains virtually unexploited.

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AFP

Cambodian garment workers walk in front of a factory in Phnom Penh yesterday.

Cambodia hikes garment worker wages, falls short of demands

AFP, *Phnom Penh*

CAMBODIA raised the minimum monthly wage for garment workers to $128 on Wednesday after a series of strikes and protests over pay and conditions, but the hike fell short of union demands.

The 28 percent raise for employees who currently earn a minimum of $100 a month to make clothes for firms including GAP, Levi's, Nike, Puma and ZARA will take effect on 1 January, 2015, the labour ministry said.

"I believe that workers will improve their living standards from previous years and that factories will be able to pay the wage," Labour Minister Ith Samheng told reporters in Phnom Penh after a meeting between government officials, unionists and factory representatives.

But garment workers and trade unionists -- who have campaigned for international buyers to lift their basic wage -- said the hike was too small.

"We are not satisfied with the figure yet. The increase is still low. We want at least $140 a month," Ath Thorn, president of the Coalition of Cambodian Apparel Workers Democratic Union, told the news agency. Unionists and workers will meet in the coming days to decide whether to accept the increase or continue their campaign for higher wages, he added.

Earlier the union had demanded a minimum monthly wage of $177 but reduced the figure after negotiations with the government and factories.

Cambodia's garment sector, a key source of export earnings, has been hit by a series of strikes and protests over wages and working conditions in factories producing items for top Western brands.

Disputes over wages, safety and conditions in Cambodia's lucrative garment industry are frequent and sometimes turn violent. A crackdown on striking garment workers in early January left at least four people dead.

Garment worker Prum Savy, 28, who works in one of the hundreds of factories on the outskirts of the capital, told AFP she was willing to join further protests for a better wage hike.

"I am happy with the increase, but this is not enough. I want more," she said. The multi-billion dollar garment industry employs about 650,000 people in Cambodia and is a key source of foreign income for the impoverished country.

The kingdom earned around $5.5 billion in garment exports last year.

A month after the mass strike and subsequent bloody crackdown in January, the minimum wage was increased from $95 to $100 per month.

At least six union leaders face charges in connection with that strike, according to rights activists.

The new monthly wage applies to textile, garment and footwear workers who will still receive benefits including an extra $10 per month for regular attendance and an extra seven dollars per month for transportation and rent, according to the labour ministry.

Cambodia is one of the poorest countries in Southeast Asia, with around 20 percent of the population -- or 2.8 million people -- living on less than $1.25 per person per day, according to the World Bank.

Land sales lift Tata Steel profit as Europe drags

REUTERS, *Mumbai*

Tata Steel Ltd on Wednesday reported a 37 percent rise in quarterly net profit, as gains on land sales helped offset the impact of sluggish European demand on its bottom line.

Tata Steel, Europe's second-largest steelmaker, said consolidated net profit was 12.54 billion rupees ($204 million) for its second quarter to Sept. 30, up from 9.17 billion rupees a year earlier.

It racked up 11.5 billion rupees in one-off gains in the quarter from the sale of land in Mumbai.

Analysts had expected a net profit of 7.38 billion rupees, according to Thomson Reuters data. Sales for the quarter, however, fell 2.4 percent from a year earlier.

Tata Steel entered Europe through its $13 billion acquisition of Corus in 2007, just before financial crisis. It has since been forced to restructure operations and focus on higher-margin products to compete in a market where demand has yet to return to reach pre-crisis levels.

"In Europe we are increasingly concerned about the impact of rising imports, particularly from China, on EU steelmakers," Karl-Ulrich Köhler, Tata Steel's chief executive for Europe said in a statement. European steel processors tend to increase purchases of cheap steel from places like China and Russia when prices are attractive.

Tata Steel last month said it was in talks to sell loss-making European operations including mills in northern England and Scotland. It said on Wednesday that due diligence on the sale of that European long products business, which serves the construction and engineering industries, would continue into 2015.

Regulators fine global banks $3.4b in forex probe

REUTERS, *London/Zurich*

GLOBAL regulators imposed penalties totalling $3.4 billion on five major banks, including UBS, HSBC and Citigroup on Wednesday for failing to stop their traders from trying to manipulate foreign exchange markets.

Royal Bank of Scotland and JP Morgan were also fined over attempts to rig currency benchmarks in a year-long probe that has put the largely unregulated $5 trillion-a-day market on a tighter leash, with dozens of dealers suspended or fired.

Switzerland's UBS swallowed the biggest penalty, despite being the first bank to come forward with evidence of possible misconduct, paying $661 million to Britain's Financial Services Authority (FCA) and the US Commodity Futures Trading Commission (CFTC).

UBS was ordered by Swiss regulator FINMA, which also said it had found serious misconduct of the bank's employees in precious metals trading, to hand over 134 million Swiss francs.

FINMA also instructed Switzerland's largest bank to automate at least 95 percent of its global foreign exchange trading and limit bonuses for traders of foreign exchange and precious metals, where it said it had also found evidence of serious misconduct, to 200 percent of their base salary for two years.

Other UBS high earners will have to get approval for their bonuses to go above that.

Regulators found evidence that traders had colluded to try and manipulate benchmark foreign exchange rates by sharing confidential information about client orders with one another right up until October 2013.

The traders used code names to identify clients without naming them and created online chatrooms with monikers such as "the players", "the 3 musketeers" and "1 team, 1 dream" in which to swap information.

The financial regulator in London, the global hub for foreign exchange (FX) trading, said it had launched a review of the spot FX industry that will require firms to scrutinise their systems and may involve them looking at how they do things in other markets such as derivatives and precious metals.

The FCA's first group settlement, worth more than $1.7 billion, is the biggest in British history and eclipses the 460 million pounds fines for alleged interest rate manipulation, reflecting increasing political and public demands that banks -- blamed for sparking the 2008 credit crisis -- are held accountable.

The five banks earned a 30 percent discount for agreeing to settle early.

"Today's record fines mark the gravity of the failings we found and firms need to take responsibility for putting it right," the FCA's Chief Executive Martin Wheatley said.

"They must make sure their traders do not game the system to boost profits or leave the ethics of their conduct to compliance to worry about."

Barclays had been expected to be part of the settlement but the FCA said its investigation into the UK bank was continuing.

Investors had been braced for a speedy conclusion to the investigation after an earlier, sprawling inquiry into alleged rigging of interest rate benchmarks such as Libor gave regulators experience in how to cooperate globally.

In its settlement with HSBC, the FCA said that after attempts to manipulate one sterling/dollar currency fix that netted a $162,000 profit, traders congratulated one another, saying "nice work gents... I don my hat" and "Hooray nice team work".

Under instruction from increasingly intrusive regulators, banks did much of the groundwork themselves, handing over reams of online transcripts, clamping down on chatroom use and either suspending or firing more than 30 foreign exchange traders.

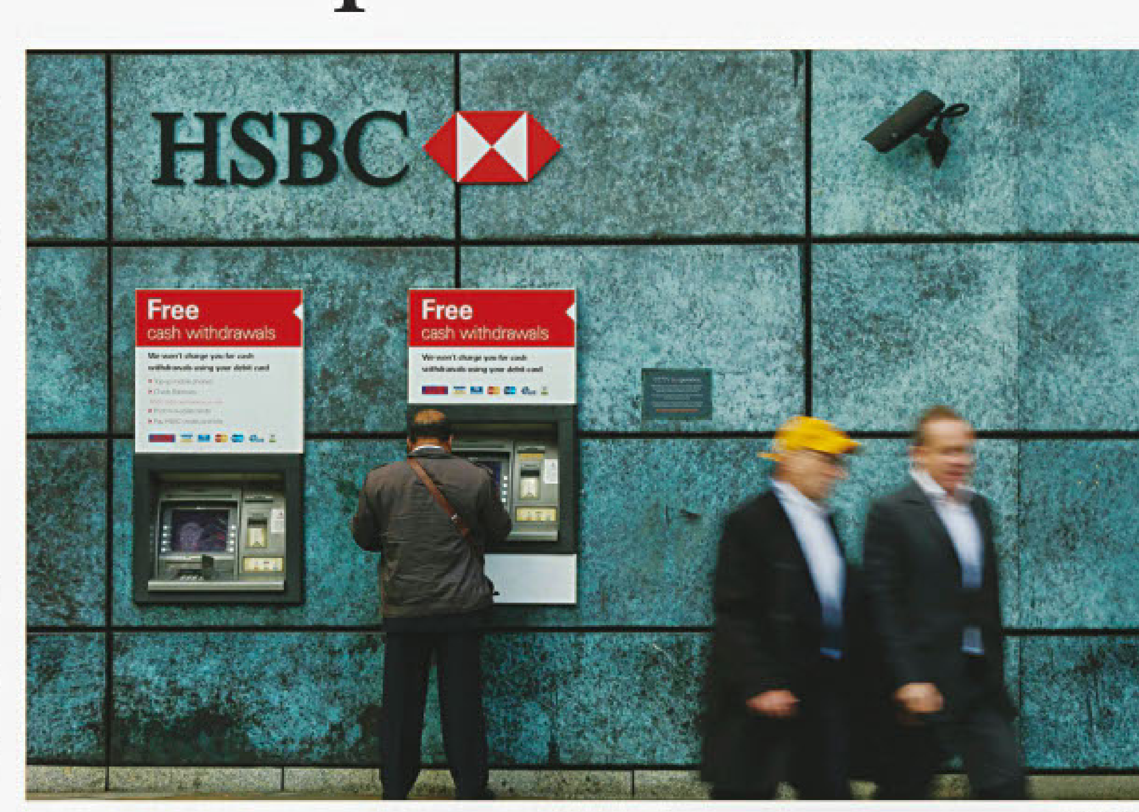
FINMA said it has started enforcement proceedings against 11 former and current employees of UBS.

With the UK settlement out of the way, the focus shifts to ongoing US and UK criminal investigations and potential civil law suits.

The CFTC, which regulated swaps and futures in the United States, fined the five banks more than $1.4 billion but that does not resolve probes by the US Department of Justice and the New York's Department of Financial Services.

The FCA fines come days before world leaders are expected to sign off on proposals to reform currency markets when they meet at the G20 summit in Brisbane.

The foreign exchange probe proved particularly uncomfortable for British authorities because it cast a shadow over London's credentials as the world centre for foreign exchange trading, and also ensnared the Bank of England whose head Mark Carney is leading global regulatory efforts to overhaul the FX market.



REUTERS

People walk past an HSBC bank branch in the City of London yesterday.