

Build stronger trade ties

Bernicat asks businesses of Bangladesh and the US at AmCham meeting

STAR BUSINESS REPORT

US Ambassador Marcia Bernicat yesterday urged the business communities in Bangladesh and the US to make efforts to boost bilateral economic relations.

Companies in the US and their local partners are investing in Bangladesh, bringing great technology, and selling valuable goods and services, she said. "While this is a good news story, and one which I am so very pleased to tell both here and throughout the US, we can't rest on our laurels. There is much room for improvement and we have the power to strengthen US-Bangladesh economic relations."

"Doing so will likely consist of many small actions taken over and over again, which lead to profound change," she said.

Bernicat spoke at the monthly luncheon meeting of American Chamber of Commerce in Bangladesh (AmCham) at Sonargaon Hotel in Dhaka.

Two-way trade between Bangladesh and the US hovers around \$6 billion a year, with the balance tilting in favour of Dhaka.

Bangladesh exports products worth \$5 billion to the US, primarily garments, and imports products worth \$1 billion.

"Can we increase this number? You know we can and we must. I am turning to you, business leaders and others, to help make this a reality," said Bernicat, presenting her keynote on strengthening US-Bangladesh bilateral economic relations.

Bilateral trade creates a significant number of jobs, particularly in the readymade garments sector, she said. "Many of these jobs are for women and create opportunities for economic empowerment. This is reflected in social development indicators where Bangladesh is often scoring better than its neighbours."

"We need to spread the word that Bangladesh is a vibrant economic partner, a partner which is improving workers' rights and creating safe working environ-



US Ambassador Marcia Bernicat, centre, attends a discussion at Sonargaon Hotel in Dhaka yesterday. AmCham President Aftab Ullah Islam, third from right, is also seen.

ments. But spreading the word is not enough; you have to constantly push the envelope forward so that Bangladesh is synonymous with the best work practices and the safest factories."

"We need to spread the word that Bangladesh is a partner with skilled manufacturing capabilities that is interested in further developing its technical base."

Bangladesh is home to a tremendous consumer market with increasing purchasing power and an advantageous demographic mix, Bernicat said.

"It is a country where businesses can succeed. Trust me -- the US private sector is listening, and I believe we will see interest continue to grow."

"While in Bangladesh, I have also seen the strong interest here in building commercial ties with the US."

The ambassador also said the two countries have much to gain from increased trade and investment across a wide range of sectors.

With over two decades of robust growth, Bangladesh is on the cusp of becoming an important regional hub and consumer market, she said.

The US also aims to help the country further develop economically and strengthen bilateral relations, including commercial ties.

"Bangladesh is of strategic interest to the US. We see this country not only in terms of our bilateral ties but also as a partner in addressing issues outside of our two countries."

She also referred to the innovations taking place in Bangladesh, the giant strides in building export capacity, the remarkable progress in lifting people out of poverty, and the essential role Bangladesh will play in boosting regional inter-connectivity in the 21st century.

The ambassador said clear pathways to dispute resolution, making bureaucratic interaction more user-friendly and political stability are essential to boosting the appeal of Bangladesh's commercial environment.

"Boosting the climate for business is a challenge for all countries, including the US. It is essential to increasing trade and growth."

Bangladesh has a strong economic

growth rate and will soon begin enjoying a demographic dividend that will combine a young population with increased purchasing power, she said.

Policy and business circles are now turning to the question of necessary infrastructure and capital investments to ensure that Bangladesh's productivity rises to build upon what it has achieved, she added.

"I assure you that the US stands with you in making this happen."

In response to a query on capacity building of institutions, the diplomat said she is a huge fan of promoting transparency and good governance because everything becomes easier when "you have institutions that you trust and you can build upon."

"Rule of law is one of the key elements that businesses and investors look for anywhere in the world. The stronger the institutions, the more favourable the investment environment will be."

AmCham President Aftab Ullah Islam said Bangladesh needs to provide an enabling environment to attract more investment from the US.

China-led bank starts with 57 members, Norway included

AFP, Beijing

A total of 57 countries have been approved as founding members of a Chinese-backed infrastructure bank, Beijing said Wednesday, and Norway is included despite frosty relations over a Chinese dissident's Nobel prize.

No nations that formally sought to become founding members of the Asian Infrastructure Investment Bank (AIIB) are known to have been refused. But Taiwan, the self-governing island that Beijing regards as part of its territory, had its application for founding membership rejected.

The last seven countries approved as founding members by Wednesday's deadline were named by China's finance ministry as Sweden, Israel, South Africa, Azerbaijan, Iceland, Portugal and Poland.

The 57 include four of the United Nations Security Council's permanent five, 14 of the 28 European Union countries, and 21 members of the 34-strong Organisation for Economic Cooperation and Development (OECD).

The line-up does not include the United States or Japan but represents a diplomatic coup for China after close US allies such as Britain, France, Germany and Australia decided to take part even after Washington initially opposed them signing up.

The institution is aimed at financing infrastructure across Asia rather than poverty reduction, and China's official news agency Xinhua said in a commentary that it offered Western countries "lucrative business opportunities".

"Welcoming passengers from around the world, an 'Oriental Express' train is getting ready to hit the rails toward a destination of common development and win-win cooperation," it said.

The AIIB would "have a zero-tolerance policy on corruption" and "abide by stringent policies to avoid repeating past mistakes", Xinhua added.

But critics have expressed concern about its standards and say it could rival the US-led World Bank and the Asian Development Bank, which is headed by Japan.

US Secretary of Commerce Penny Pritzker stressed the importance of such benchmarks to reporters in Shanghai.

"We welcome the AIIB as long as it adheres to the international standards that have been set by the existing multi-lateral organisations like the IMF, the World Bank or the ADB," she said.

"If operated under those kind of standards, in fact I think there is enormous opportunity for collaboration."

China has repeatedly said the institution is "open and inclusive". It approved Norway despite cutting all high-level ties with Oslo after the Nobel Peace Prize went to Liu Xiaobo in 2010.



European competition commissioner Margrethe Vestager speaks yesterday in Brussels as the EU formally charged Google with abusing its dominant position as Europe's top search engine, laying the US internet giant open to a massive fine of more than \$6 billion.

EU charges Google over shopping searches, to probe android

REUTERS, Brussels

The European Union accused Google Inc on Wednesday of cheating competitors by distorting Internet search results in favour of its Google Shopping service and also launched an antitrust probe into its Android mobile operating system.

In a statement, Competition Commissioner Margrethe Vestager said the US tech giant, which dominates Internet search engines globally, had been sent a Statement of Objections -- effectively a charge sheet -- to which it can respond.

"I am concerned that the company has given an unfair advantage to its own comparison shopping service, in breach of EU antitrust rules," she said. "If the investigation confirmed our concerns, Google would have to face the legal consequences and change the way it does business in Europe."

The Commission, whose control of antitrust matters across the wealthy 28-nation bloc gives it a major say in the fate of global corporations, can fine firms up to 10 percent of their annual sales -- or a penalty of over \$6 billion for Google.

If it finds that companies are abusing a dominant market position, the EU regulator can also demand sweeping changes to their business practices, as it did with US software giant Microsoft in 2004 and chip-maker Intel in 2009.

There was no immediate public response from Google, but an internal memo to staff published by the blog re/code described the moves as "very dis-

appointing news" and said: "We have a very strong case, with especially good arguments when it comes to better services for users and increased competition."

Of the formal investigation into Android, used on smart phones and tablets, Vestager said: "I want to make sure the markets in this area can flourish without anticompetitive constraints imposed by any company." She announced the moves on the eve of a high-profile visit to the United States, following five years of investigation and abortive efforts to strike a deal with Google by her Spanish predecessor, Joaquin Almunia, who handed over the politically charged dossier to the Danish liberal in November.

However, the focus on the ranking of searches for shopping sites -- Google has its own service called Google Shopping -- did not address all the complaints lodged with the Commission by competitors, large and small, in Europe and the United States, who say Google has hurt their business.

Google initially has 10 weeks to respond to the charges and can demand a hearing. A final resolution -- quite possibly involving court action if Google does not choose to settle -- is likely to take many months and probably years.

Google's critics welcomed the decision to pursue the US giant, though many industry experts believe the action is unlikely to markedly shift existing business their way. Rather, by firing a hefty shot across Google's bows, it may favour competitors in new areas as technology develops.

India builds first 'smart' city as urban population swells

REUTERS, Gandhinagar

INDIA'S push to accommodate a booming urban population and attract investment rests in large part with dozens of "smart" cities like the one being built on the dusty banks of the Sabarmati river in Gujarat.

So far, it boasts modern underground infrastructure, two office blocks and not much else.

The plan, however, is for a meticulously planned metropolis complete with gleaming towers, drinking water on tap, automated waste collection and a dedicated power supply -- luxuries to many Indians.

With an urban population set to rise by more than 400 million people to 814 million by 2050, India faces the kind of mass urbanisation only seen before in China, and many of its biggest cities are already bursting at the seams.

Ahead of his election last May, Prime Minister Narendra Modi promised 100 so-called smart cities by 2022 to help meet the rush.

At a cost of about \$1 trillion, according to estimates from consultants KPMG, the plan is also crucial to Modi's ambition of attracting investment while providing jobs for the million or more Indians who join the workforce every month.

His grand scheme, still a nebulous concept involving quality communications and infrastructure, is beginning to take shape outside Gandhinagar, capital of Gujarat, with the first "smart" city the government hopes will provide a model for India's urban future.

"Most (Indian) cities have not been planned in an integrated way," said Jagan Shah, director of the National Institute of Urban Affairs which is helping the government set guidelines for the new developments.

Among the challenges to getting new cities built or existing cities transformed is the lack of experts who can make such huge projects work and attracting private finance.

"To get the private sector in, there is a lot of risk mitigation that needs to happen because nobody wants a risky proposition," he told Reuters, stressing the need for detailed planning.

To build smart cities, India allocated 60 billion rupees (\$962 million) in its annual federal budget for the financial year starting April 1, even as it spent just a fraction of last year's allocation of 70.6 billion rupees, said Shah.

Gujarat International Finance Tec-City (GIFT), as the smart city is called, will double up as a financial hub, with tax and other breaks to lure banks, brokerages and other businesses.



An aerial view of a site under construction at the Gujarat International Finance Tec-City at Gandhinagar in Gujarat, India.

Developed in partnership with IL&FS Engineering and Construction, it aims to compete with India's own financial capital of Mumbai as well as overseas rivals like Dubai and Singapore.

Pressure on India's existing urban centres is already intense, with cities like Mumbai gridlocked by traffic and hampered by poor infrastructure and a lack of amenities like parks and effective public transport.

Yet some experts believe that building new cities may not be the answer to India's swelling urban population.

"To address India's urbanisation challenge we have to start looking at our existing cities," said Shirish Sankhe, director at consultant McKinsey and Company, India.

He added that new cities would be only a small part of the solution relative to brownfield projects.

India has built planned cities in the past, including Chandigarh, designed by French architect Le Corbusier, and Gandhinagar itself. But the scale of its current push is unprecedented.

A bird's eye view from atop one of the two office buildings on the 886-acre GIFT site, a venture which began when Modi was chief minister of Gujarat, shows little sign yet of the 9 billion rupees spent on the first phase.

But the sandy plain hides infrastructure including an underground tunnel for utilities, a first in India.

The government has yet to decide what exactly will make a city "smart", but the programme is expected to include building new centres as well as adapting existing ones.

A detailed definition with guidelines is due soon, said the National Institute of Urban Affairs' Shah.

Existing cities like Dholera and Surat in Gujarat, and Visakhapatnam in the east, have already begun work to transform into smart cities with help from companies such as Microsoft Corp, IBM Corp and Cisco Systems.

Beyond GIFT, greenfield projects are likely to face hurdles including land acquisition rights and lengthy approval processes, as well as finding the right location.

GIFT has the advantage of being flanked by a river on one side and a national highway on the other, and also sits between Gujarat's political capital of Gandhinagar and its business hub of Ahmedabad, with a large international airport.

The key, experts say, is time.

"Physical masterplanning takes time. Complexity is built into this. And my sense is it is probably going to take longer than what most people think," said McKinsey's Sankhe.