

Bangladesh poised for a big leap

SCB chief executive says all the right regulations are in place to attract foreign investors

MD FAZLUR RAHMAN

BANGLADESH has put all the right regulations in place in recent years to attract foreign investors and raise the vast amounts of funds needed to upgrade its infrastructure, said a leading banker.

"From the regulatory point of view, I think we have got all the details in place," said Abrar A Anwar, chief executive officer of Standard Chartered Bangladesh.

The Asia-focused British bank is among the largest foreign investors in Bangladesh. And now, it is channelling its efforts to bring in more of its ilk, by communicating its overwhelmingly positive experience.

"Every year we are increasing our investment -- what does it mean? It means we are comfortable."

Since 2012, the bank has been the headline sponsor of the Bangladesh Investment Summit, a daylong event held every year in Singapore or London to showcase the money-spinning opportunities that are waiting in the country.

This year, the annual event took place last month in the Asian financial hub, Singapore, and the 46-year-old banker is very satisfied with the outcome.

"The summit went well -- we think it was a very successful event. Now, we need to work on the next one."

The main reason behind the annual event, the career banker said, is that the outside world does not get to hear the actual story of Bangladesh, which is that the underlying fundamentals are improving and opportunities in various sectors are emerging in line with the accelerated economic growth.

This is a good platform for successful entrepreneurs to talk about what they are doing and what they are planning to do, and how global investors can come and take part in it, he said.

International investors are progressively becoming aware of Bangladesh, as the country is being rated regularly with an overall stable outlook.

"How do you bridge the gap between this awareness and bringing in the real transaction? That's what we try to facilitate."



Abrar A Anwar

The organisers gather questions from investors on various issues, ranging from policy to regulatory regimes, and convey them to the regulators and the policymakers in Bangladesh.

When the regulators and policymakers look at them, they ruminate whether the changes are feasible given the macroeconomic fundamentals.

The investors' concerns are already being addressed tangibly, Anwar said.

In 2013, when the first summit took place, a lot of private equity firms said that they were not investing in Bangladesh because of

concerns over the exit policy. "We worked with the regulator, and there have been some regulatory changes on that front."

The same happened in case of treasury bond investors. Earlier, there was a lock-in period that prevented easy exit. The kerf has now been lifted.

The regulators are proactive and go out happily to face the questions of foreign investors at the summit and then respond, he said.

They are frankly admitting where problems exist and are showing their firm commitment to overcome them.

The investors also want to know whether

Bangladesh is a regular visitor in the international capital market, Anwar said.

There have been a lot of talks about sovereign bond, but the government has some problems with its issuance.

SCB is exploring the possibility of issuing quasi-sovereign bonds, such as a power bond, an energy bond or a port bond, to cater to projects for a particular sector.

"If we can come up with solutions then outsiders will think that Bangladesh is serious."

If the country cannot offer any deals to international players, then investors will

think that there is no regularity of opportunities here.

"The more products we offer, the more buyers will be interested in Bangladesh."

The infrastructure bottlenecks also offer immense opportunities to the investors, according to Anwar.

For example, if someone sets up a power plant here, he or she does not have to think about whether electricity would be sold, as the demand is huge.

SCB was the first bank to invest in the independent power plant sector and was the underwriter of the Haripur-Meghnaghat project in 2000s, when many expressed doubts about the country's ability to deliver under its IPP policy.

"Looking back, it is a fantastic experience," he said, adding that the bank's experience was also good in case of aircraft financing for Biman Bangladesh Airlines.

Anwar said the assets of Standard Chartered in Bangladesh are increasing as the country's conditions are getting better. SCB assets now stand at \$4 billion.

SCB is very optimistic about the Bangladesh economy and is preparing its next five-year strategy on the country.

Bangladesh is one of the top ten markets of Standard Chartered among the 70 countries it operates in.

"Our target is to grow our business in Bangladesh twice the GDP growth rate of the country in the next five years," he said, adding that its business has doubled in the last half a decade.

SCB was one of the sponsors of the roadshow that the Board of Investment organised in the UK on September 10-11 in order to reach out to European investors.

Anwar said some big international investors with operations in Bangladesh such as Grameenphone, Unilever and Banglalink also took part in the roadshow.

"They shared their stories. I was amazed to know that like us, all of these companies are star performers within their group. There must be something good happening in Bangladesh."

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Nurul Islam Nahid, education minister; Merete Lundemo, Norwegian ambassador to Bangladesh, and Rajeev Sethi, chief executive officer of Grameenphone, pose with Abreshme Haque of the Institute of Business Administration (IBA), Sadia Azad of Brac University and Sabab Rahman of IBA -- winners of Telenor's Youth Forum 2015 held in Dhaka on Saturday. Story on B1

Telenor names three winners of youth forum

FROM PAGE B1

This year's winning ideas are Muthoschool, the Left Side Classroom and the Classroom. Telenor will now select the Bangladeshi representative from the three for a three-day conference that will start in Oslo, Norway, on December 8.

The forum, in partnership with the Nobel Peace Centre, offers an opportunity for young people, aged 18-28, from 13 countries to present impactful ideas that can alter lives.

The Bangladesh representative selected by Telenor along with winners from different regions of the world will attend the conference in Norway, where they will explore the transformative power of mobile and digital communication.

They will also get the opportunity to attend the Nobel Peace Prize giving ceremony.

Nurul Islam Nahid, education minister; Merete Lundemo, Norwegian ambassador; and Rajeev Sethi, chief executive of Grameenphone, attended the concluding ceremony.

"I thank Grameenphone for arranging this great programme. It will encourage our youth in preparing them for vision 2021," Nahid said.

"The programme is empowering our youth with technology and skills not only on a national level but also in the international arena."

"Bangladesh is a young and dynamic country with a young and dynamic population -- the generation of today has the creativity and abilities that will contribute to the advancement of Bangladesh," Lundemo said.

"This generation has used technology to get where they are today and they have to spread this access to technology to the rest of the nation."

Grameenphone and Telenor Youth Forum is the perfect partner in spreading this light, Lundemo added.

Bandwidth use is still in slow lane

FROM PAGE B1

The use of bandwidth of around 136 Gbps for a country like Bangladesh with 5.22 crore active internet connections is poor, said MA Hakim, president of Internet Service Providers Association Bangladesh.

Most bandwidth consumption was concentrated in Dhaka -- around 50 Gbps, while Chittagong and Sylhet consumed a combined 10 Gbps, said Hakim.

"We found that very few people make productive use of bandwidth. Even in corporate offices, people mostly use the internet only to check e-mails."

The government wants to digitise the country, but it failed to establish physical fibre connectivity to increase the number of broadband users, he said.

The market price of the bandwidth used

in June is nearly Tk 130 crore; the government should take care of the industry to help it flourish, he added.

Per capita bandwidth use in Bangladesh stands at less than 1 Kbps at present, which was 0.25 Kbps in 2012, Rokonuzzaman said. In 2012, it was 256 Kbps in Singapore and 1 Kbps in India. "The use of bandwidth will increase in Bangladesh with a cut in bandwidth prices. But for moderate growth, the government needs to reduce other taxes and VAT on it and well-planned fibre connectivity needs to be introduced."

In 2008, Bangladesh used bandwidth of 7.5 Gbps, which increased to 8 Gbps in 2009, 15 Gbps in 2010 and 23 Gbps in 2011, according to BSCL.

Industry insiders expect the amount to reach 200 Gbps by the year-end.

Duty benefits await investors in hi-tech parks

FROM PAGE B1

The Bangladesh Hi-Tech Park Authority or BHPA has approved six parks, with work on Kaliakoir and Jessore projects already underway. There are plans to facilitate establishment of 12 more parks in several districts to promote development of IT and information technology-enabled service (ITES) industries, both of which are still at their nascent stages.

Stakeholders said the country's IT services industry, which employs more than 20,000 people, holds great potential owing to the vast pool of young, trained and English-speaking workforce.

The workforce is available at costs almost

40 percent lower than in established destinations like India and the Philippines, according to a study by KPMG in 2012.

With wages and operating costs going up in traditional outsourcing destinations, Bangladesh's prospects are rising, it said.

The country offers attractive business opportunities for multinational companies interested in outsourcing or off-shoring, the KPMG study added.

The parks are expected to create nearly 10 lakh jobs and increase the present export earnings of \$132 million manifold, according to government estimates. The government predicts that export receipts from IT services may reach the \$1-billion mark by 2018.

HTC launches six smartphones in Bangladesh

FROM PAGE B1

There are 130.8 million active SIMs in Bangladesh now, and some 50.7 million of those are internet connected.

"We see the opportunity. If we get the right partner and the right channels, HTC will definitely flourish here," Seth said.

Seth said HTC wants Bangladeshis to have better smartphone experience as it is a promising market in terms of mobile use.

Many factors work behind a company's foray into a new market, like the market and the company's readiness and existing product portfolio, and this is the right time for Bangladesh, Seth said.

"Even a couple of years ago a company's first choice for new product launch was Singapore, but players like HTC are increasingly looking into other

avenues and new markets, like Bangladesh," said Seth commenting on the company's somewhat late arrival in the region. The steadily increasing focus on South Asia prompted HTC to make a number of global announcements from India recently.

The company's local partner NXT9 has already launched 38 customer care centres across Bangladesh.

To build the customers' confidence, a one-time screen replacement offer will also be available in the first six months, Seth said.

The main target for the new phones will be the early adapters, who typically fall into the working youth category, aged between 18 and 35 years.

"After 35, children and family start figuring largely into the decision making process."

HTC will bring in more innovative products to the Bangladeshi market to develop it further, Seth said. "We will bring some devices that are more than smartphones. Wearable products will also be introduced within a short time."

This could be part of the process to reduce the gap between the West and this region, Seth believes.

Partnering with mobile service operators is another option HTC is looking into -- to create bundle packages of data and voice volumes along with its smartphones, to make them more attractive, Seth said.

Users typically changed mobile phones after about 24 months' usage, but the time span has shortened down to about 12 to 14 months, according to Seth. "We came here to give the customers a 'touch and feel' difference."

Foreign aid disbursement drops 20pc

FROM PAGE B1

They discussed the WB's growing portfolio in Bangladesh, which in fiscal 2015-16 included new financing commitments of \$1.9 billion and disbursements of almost \$1 billion, according to a WB statement.

They also discussed the government's progress in various reforms, including those in areas of taxation, to improve the investment climate. The WB said if the reform programmes progress, it could be supported by a WB development policy operation.

On the government's proposed budget support of \$500 million from the WB, Muhith said the amount may be \$250 million now.

Bangladesh also gets substantial foreign aid from Asian Development Bank.

In the first two months of the fiscal year, ADB's disbursement almost halved from a year earlier to \$43 million.

This fiscal year, Bangladesh has a target of getting \$960 million to be disbursed from the ADB.

The total amount of foreign aid in the pipeline is \$21.71 billion as of June this year.

China-backed trade pact playing catch-up after US-led TPP deal

REUTERS, Seoul

Left outside the US-backed Trans-Pacific Partnership (TPP) trade pact struck last week, China and India approach this week's talks for a huge Asia-wide equivalent with fresh urgency, lest competitor nations steal a march on export access.

Beijing is a key driver of the Regional Comprehensive Economic Partnership (RCEP), a proposed 16-nation free-trade area that would be the world's biggest such bloc.

"Member countries will be under pressure to fast-track negotiations for RCEP," said a senior official in India, which is keen to avoid being excluded from major trade accords. While China's rivalries with India and Japan will complicate progress, it has incentive to get things moving.

China's central bank estimates the world's second-largest economy could forfeit a 2.2 percent boost to gross domestic product if Beijing does not join the TPP, according to a commentary by the bank's chief economist, Ma Jun, published in the official Shanghai Securities News on Friday.

China stands to lose ground to manufacturing competitors such as Vietnam, which as a TPP member will have greater duty-free access to the United States and other member nations, said Tu Xinquan, a professor at the University of International Business and Economics in Beijing.

"It's not that there is a competition between the RCEP and the TPP, but overall, because of the pressure put on by the TPP, there's hope for a faster end to negotiations for more liberalised trade in the region," Tu said.