An unorthodox business destination: Laos

A Bangladeshi entrepreneur tells his story

ANDREW EAGLE, *back from Vientiane*

STORIES of Bangladeshis traversing the world in search of employment or business are common. From South Korea to Abu Dhabi, from Europe to Australia, there shall be Bangladeshis creating a livelihood to be found. But in landlocked Laos, a communist nation of just 6.8 million people where subsistence farming yet accounts for half of GDP and 80 percent of national employment, the business opportunities are less obvious.

Vientiane, the subdued Laotian capital is a small city of leafy streets, French colonial buildings and Buddhist temples. Located on the Mekong riverbank adjacent to northeast Thailand, the city is charming but it is hardly an international business hub. Yet, for a small number of intrepid Bangladeshis, the city has become a second home.

In 1990, Laos first opened up to tourism, with barely 80,000 visitors to the country that year. But its laidback culture and mountain landscapes have proved popular and by 2010, visitor numbers had reached nearly two million a year.

In Vientiane, this new industry has prompted the opening of numerous guesthouses, cafes and restaurants; among them is the Dhaka Hotel and Restaurant, the brainchild of an entrepreneur from Bagerhat, Majharul Hoque.

"I first came to Vientiane over a decade ago," says Hoque. "I'd spent time in Bangkok, Singapore, Malaysia and Japan because I was looking for a place that would be good for doing business." It was then, in 2005, that a friend posted with the UNDP in Vientiane invited Hoque to visit.

"I saw that the Bangladeshi community was small here," he recalls. "It was actually larger then because a few hundred garment workers used to be attached to a Korean company."

During his visit, Hoque became acquainted with the Tamil owner of Nazim Restaurant, one of perhaps three Indian restaurants in Vientiane. A few Bengalis worked there too, and it was the restaurant's owner-manager who encouraged Hoque to stay, helping him to find his feet in the country.

"Laos has advantages," says Hoque. "To start a business in Thailand requires significant capital, while in Singapore, costs are huge. Malaysia offers good profits but doing business in Laos is easier, and profit margins are good here too."

In Laos, Hoque believed he could make a start with modest capital, which suited his circumstances.

With his father in Bagerhat having been a shrimp and paddy trader, and an older brother running a pharmacy, Hoque's family was supportive of his business dream. "Go ahead and try," they told him. "See if you can make a good life there."

Yet, despite his family's blessing and help from his Tamil friend, there were challenges.

"Without knowledge of the Lao language it isn't easy to get started," says Hoque. "I was lucky because I knew some Thai, which is related, and although I never had Lao lessons it becomes easy to pick up the language from listening to the locals, if one really wants to."

ANDREW EAGLE

Majharul Hoque poses in front of one of his restaurants in Laos.

In 2008, Hoque organised a business licence and opened his first restaurant in Vientiane's Moni Market. "All the ingredients are brought from Thailand," he says. "It's still the case. In the markets of Bangkok, you can buy any of our usual ingredients, with Indian-imported spices and curry available."

As business prospered, Hoque became accustomed to living in Laos. "I drink less tea here than at home," he says, "And I miss my family and chatting with friends. I miss some food items like hilsa fish and bitter gourd. But Lao coffee is really delicious, the quality of local silk is excellent and Lao people are quiet and easy to get along with."

In Vientiane, Hoque also found two mosques for his prayers: one Indian and Pakistani, the other Cambodian.

But the highlight of doing business in Laos for Hoque is security.

"Here, you can do your work," he says. "The business won't make a loss and nobody will disturb you. I have no problems with any local mafia, the government or from political strife. Since 2005, I have never seen a hartal."

Indeed the security situation is so good that Hoque insists carrying any amount of money through Vientiane's streets in a polythene bag is not a problem. "Day or night, no one will take it," he says.

With the continual stream of tourists to the country, Hoque has been able to grow his business into a chain of three restaurants and one guesthouse. He currently employs three Laotians and 17 Bangladeshis, which makes him potentially the largest employer of Bangladeshis in the country.

"People come and go," Hoque says. "But there are only around 40 Bangladeshis in all of Laos."

The economics of steel? Pretty bad

KAMAL AHMED

In markets, a "buffalo jump" is the moment the price of a commodity rises suddenly before slumping back to its more normal steady state - which for products such as steel has been down, down, down.

It's based on the tradition of Native Americans to herd buffalo towards steep cliffs and their ultimate death.

The price of a tonne of steel is of vital importance: too low and thousands of jobs are put at risk, as they are today for steel workers from Port Talbot to Rotherham, Corby to Shotton.

Global oversupply and declining demand have seen prices slump by more than half in the last year.

Of all the steel produced in the world, only two-thirds is actually being used, a low "utilisation" rate.

But the price of steel has actually been rising in the last few weeks, creeping up to about £285 per tonne, a rise of £30, according to Platts, the commodities pricing agency.

Is this the dawn of some sunnier weather in commodities, including steel, that have been trapped in a bearish cycle - and possibly better news for the British steel industry? Or just some brief sunshine ahead of further stormy showers?

In other words, a "buffalo jump". The fundamentals are looking poor for steel. This is in a note from the Barclays' commodities analyst, Kevin Norrish, who used the dreaded "jump" term to describe the recent price rise.

"Investors have been attracted to commodities as one of the best-performing assets so far in 2016," Norrish said last week.

"However, in the absence of any concerted fundamental improvements, those returns are unlikely to be repeated in the second quarter, making commodities vulnerable to a wave of investor liquidation."

In other words, investors have bought in to make a killing in markets that collapsed in the first three months of the year.

And they could get out again just as quickly.

As Norrish suggests, the fundamentals are working against any prolonged increase in the price of steel.

The biggest reason is China, which produces half the world's steel. The rise of that country as a steel-exporting country is remarkable.

In 2003, China exported 7.2 million tonnes of steel - about 5 percent of the world's trade in the commodity - mainly to other Asian markets.

The writer is the economics editor of BBC News.

Japan's century-old Sharp grabs foreign lifeline

REUTERS

Hon Hai's Vice President Tai Jeng-wu attends a news conference to announce the company's agreement to acquire Sharp Corp in Taipei, Taiwan yesterday.

AFP, *Tokyo*

It took a century for Sharp to evolve from making pencils into one of the world's top consumer electronics brands, but the Japanese company has now signalled another huge shift: it will become Taiwanese.

Sharp became a household name as one of the first major producers of LCD technology, but misjudged investments have left it grappling with mounting losses and saddled with huge debts.

A restructuring plan failed to stop the bleeding and Sharp on Wednesday agreed to be bought by Taiwanese multinational Hon Hai Precision, the world's biggest electronics supplier, better known as Foxconn.

The $3.5 billion deal -- hailed by the firms as a "historic strategic alliance" -- marks the first foreign takeover of a Japanese electronics giant, after Sharp eschewed merging with a domestic rival.

It also marks a watershed for Japan's once-mighty home electronics sector, which nurtured global brands including Sony and Panasonic but has struggled in the face of foreign competition.

"Sharp has competitive know-how and technologies. For Hon Hai, it's a good buy," said Hideki Yasuda, an analyst at Ace Research Institute in Tokyo.

"It wanted a brand for finished products and it can make use of the Sharp name." For years, Sharp -- whose brand once graced the jerseys of Manchester United football players -- remained true to its humble roots.

But after company founder Tokuji Hayakawa lost his wife and two children to the 1923 Tokyo earthquake, which killed more than 100,000 people, he started to diversify into emergency equipment.

Is Japan's plan for more women in the workplace failing?

BBC NEWS, JAPAN

UNTIL early the 1990s, Japanese girls received homemaking education while boys didn't On paper, Prime Minister Shinzo Abe's plan to get more women into Japan's shrinking workforce - also referred to as "womenomics" - looked great.

The goal was to fill 30 percent of senior positions in both the public and private sectors with women by 2020.

However, within two years this target has been cut to just 7 percent for senior government jobs and 15 percent at companies.

There are many reasons behind this revision. Last year, I questioned if my fellow countrywomen were willing to lead, because I also wanted to become a housewife when I was growing up in Japan.

Until early the 1990s, girls received homemaking education while boys didn't. We grew up thinking it was our role to stay at home and raise children, not to become a boss or leader.

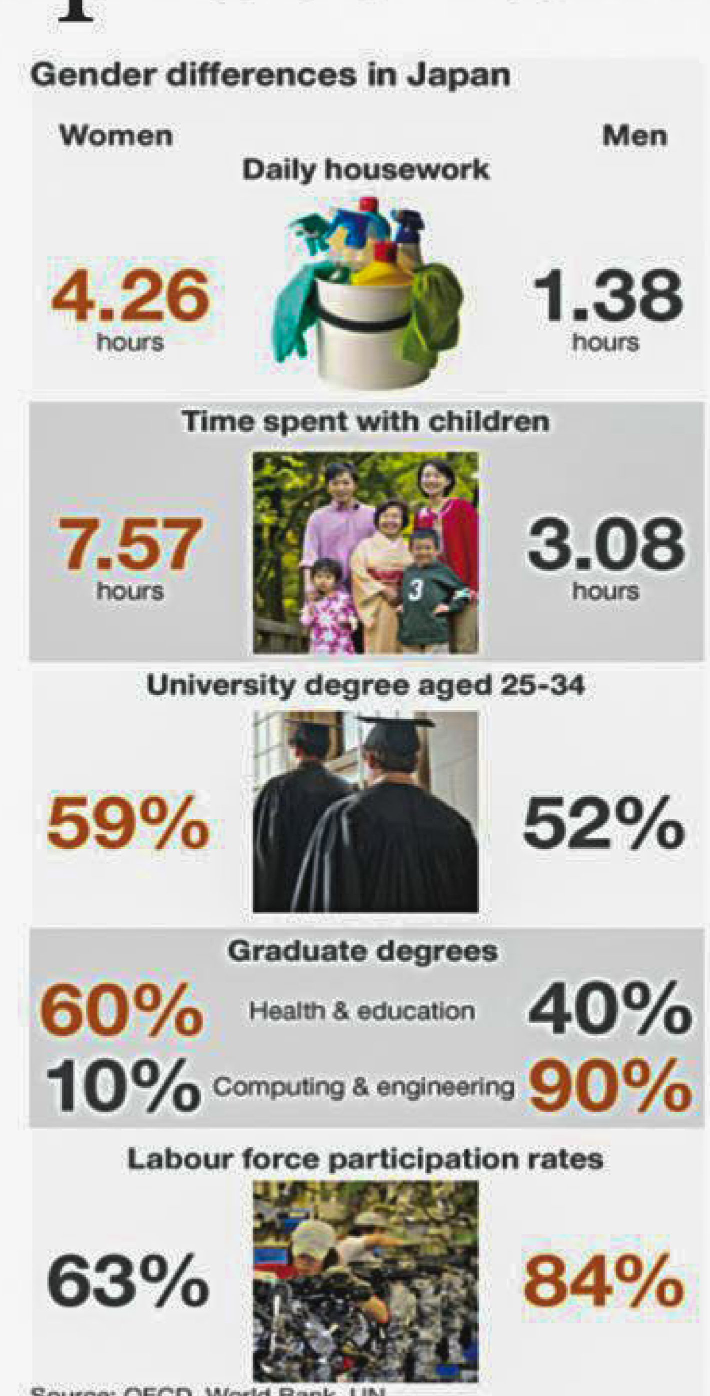
But among those who want to or need to work, the shortage of childcare centres has long been a major issue.

The government has repeatedly said it is working on building more facilities.

But the topic was brought back into the spotlight when an anonymous mother posted a strongly-worded blog, saying: "My child wasn't accepted for nursery school. Die, Japan!!!" The post was even mentioned in a parliamentary debate where Abe doubted its authenticity, prompting anger and resulting in protests outside of the Parliament building.

The government has since revealed that 72,000 children are still on waiting lists to be accepted into childcare.

It also raised questions about what is causing the shortage. One of the main reasons is the low wage of nursery teachers.



Mariko Yanagisawa, 53, has been a teacher for 24 years. But her monthly take home salary is 160,000 yen ($1,415; £1,001) which is less than a third of what Japanese men in their 50s earn on average.

"I am very passionate about this job so I try to manage but I am worried that young people won't choose this profession because of it," she said. "Many teachers have left because they find it too hard to survive on our salary especially when our job is physically demanding to look after young children."

According to the survey by the Tokyo government in 2013, 20 percent were considering leaving the job for the exact same reasons.

Currently about two thirds of Japanese women are working but mostly part-time or on irregular contracts.

Kathy Matsui of Goldman Sachs who first wrote about womenomics in 1999 believes closing Japan's gender employment gap would add an estimated 7.1 million employees to the workforce and lift gross domestic product by as much as 13 percent.

But in addition to the lack of childcare, there is still a culture of ingrained sexism. To remove it requires strong leadership.

Snack food maker Calbee is one of very few companies which is likely to hit the government's original target of increasing the proportion of female managers to 30 percent by 2020. It is thanks to the company's chairman Akira Matsumoto.

When he took the top job at the firm in June 2009, only 5.9 percent of managers were women. Within five years, it has more than tripled to nearly 20 percent.

"The key is the top management's commitment. Some executives in Japanese companies are still reluctant because they feel comfortable being in a man's world," he said.

Tomoko Fukuyama is Calbee's highest ranked female executive with 800 staff reporting to her. When Matsumoto appointed her, he told her that it was an order for her to leave work by 4pm so that she can go home to her daughters. "I cannot be like the executive before me but the chairman said that's ok, so I decided to give it a go," said Fukuyama.

Indebted Indian tycoon offers to repay $603m of defunct airline loans

REUTERS, *New Delhi*

EMBATTLED tycoon Vijay Mallya has proposed to repay 40 billion rupees ($603 million), less than half of what his defunct Kingfisher Airlines owes to creditor banks who have approached the nation's highest court to recover their dues.

Mallya, who left the country on March 2 and whose exact whereabouts since then are not known, made the offer on Wednesday to the group of lenders led by State Bank of India to pay the sum by end-September.

The Supreme Court of India on Wednesday sought the banks' response within a week to Mallya's proposal. It will hear the case next on April 7.

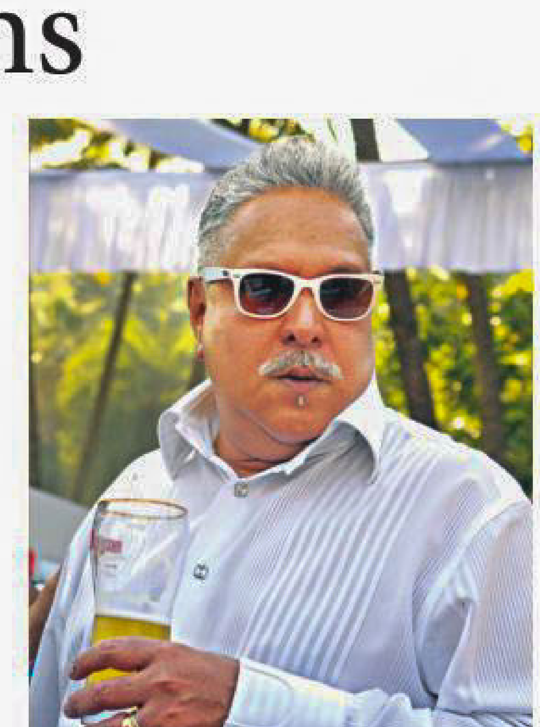
Separately, State Bank of India, the nation's top lender, said it had received an offer for "settlement of dues" and was examining the offer.

Kingfisher, once India's second-biggest airline, ceased operations more than three years ago after a stretch of losses, leaving creditors, suppliers and employees with unpaid dues. As of last November, it owed the group of banks about $1.4 billion including interest and fees.

A spokesman for Mallya's UB Group did not immediately reply to an email seeking comment on whether 40 billion rupees is all Mallya wants to pay the banks or it is the first installment of repayment.

The creditor banks stepped up pressure on Mallya - who gave a personal guarantee for the Kingfisher loan - after he agreed to a $75 million settlement with Britain's Diageo Plc last month to give up his chairmanship and board position at top Indian spirits maker United Spirits Ltd. After stepping down, Mallya said he would spend more time in England where his children live.

Once known as the "King of Good Times" for his extravagant lifestyle, Mallya has denied that he had fled India and said he would comply with local laws.



Vijay Mallya

India approves foreign investment in e-commerce sector

REUTERS, *Mumbai*

India on Tuesday approved 100 percent foreign investment in marketplace e-commerce companies, formalising rules for the first time for the multi-billion dollar sector.

After years of protectionist policies, India started opening up its retail sector in 2011 but so far had not laid down explicit rules governing foreign investment in the fast-growing e-commerce segment.

In a notification on Tuesday, India's commerce ministry said it would allow 100 percent foreign direct investment in marketplace e-commerce companies, which would also be allowed to provide services including warehousing, inventory and payments processing to merchants.

However, the notification said e-commerce companies would not be allowed to influence prices of the goods sold on their website, and that not more than 25 percent of goods sold can come from a single merchant.

The ministry also said foreign investment in inventory-based e-commerce companies, where goods sold are owned by the online retailer, would still not be allowed.

Global e-commerce giant Amazon.com Inc along with home grown but foreign-funded rivals Flipkart and Snapdeal have been operating marketplace e-commerce companies that do not own inventory, but instead act as platforms connecting buyers and sellers through support services and for a commission.