

China, India eye Asian Century as Brexit rattles old order

AFP, New Delhi

Britain's vote to leave the European Union and simmering discontent in other Western countries is seen as hastening the arrival of an "Asian Century", analysts say, led by the rise of China and India.

By 2050, Asia will account for over half the world's GDP, almost double that of 2011, according to the Asian Development Bank, with three billion newly affluent citizens.

The EU and other powerful collectives such as the United Nations, NATO, IMF and World Bank hark back to the post-World War II era, with a vision of cooperation leading to peace, prosperity and security.

But the churning currents of globalisation and institutions' reluctance to reform have left Asian nations feeling that they are not well-represented and looking to form new alliances.

"The old system which kept the West rich and safe is under threat," said Neelam Deo, a former ambassador and director at Gateway House think-tank in Mumbai.

"The British voting to leave the EU in the way they did will impact the old institutions which were set up after World War II and intended to entrench Western power," she said.

Brexit has summoned the spectre of a domino-like departure of other members of the EU, pounded by the migrant and euro crises, as well as a fragmenting United Kingdom, should Scotland vote for independence.

A resurgent Russia, which is angered by EU- and US-imposed sanctions and has friendly ties with China and India, has hailed the Brexit vote as it looks for cracks to exploit.

As the "American Century" got underway after WWII, following imperial Britain before it, China was writhing in the chaos of civil war and colonial India was just gaining independence.

Now China is the world's second-largest economy, set to overtake the US in around a decade, while India will be the world's most populous nation by 2022.

The IMF named the Chinese renminbi a reserve currency -- a main world currency -- last November, joining the pound, dollar, euro and yen.



An Indian security guard walks through a field of solar panels at the Solar Photovoltaic Power Plant, some 45km from Amritsar.

AFP/FILE

Rising economic stars Indonesia and the Philippines are growing at around five percent a year, while Europe remains sluggish.

Yet emerging markets argue that IMF voting reforms still don't give them a big enough voice, while India laments its lack of a permanent seat on the UN Security Council.

Three centuries ago, before the industrial revolution, Asia was the dominant power, far away from the twin Atlantic centres.

With a name that harks back to those days, Beijing's flagship "One Belt, One Road" policy seeks to revive the ancient Silk Road trade route with huge investment from central Asia to Europe.

In January China opened the Asian Infrastructure Investment Bank, seen as rivaling the World Bank or the Japan-led Asian Development Bank, seeking to expand its financial clout.

Describing itself as "a bank conceived for the 21st century", AIIB has attracted 57

members including Britain and Australia -- with the notable exclusions of the United States and Japan.

Asia's growing clout rests on various assumptions, including that nations continue on the same economic trajectory and aren't derailed by unforeseen financial crises.

Other threats include rising inequality, the middle-income trap -- where an economy gets stuck at a certain stage of development -- and competition for natural resources.

Tensions between rivals China and India were highlighted in June when Beijing blocked New Delhi's entry to the Nuclear Suppliers Group, a trade group of 48 nations.

"India and China have a fair amount of discontent. Until this is resolved, the Asian Century is going to be very elusive," C. Uday Bhaskar, a leading Indian security analyst told AFP.

And the West will vigorously defend itself

after Brexit, with US President Obama insisting at a NATO summit Friday that the earthquake will not harm transatlantic unity.

World Bank chief Jim Yong Kim used a visit to New Delhi in the aftermath to warn against nations "looking inward".

But the US is feeling similar pulls, with presidential candidate Donald Trump playing to a desire to retrench from globalisation and immigration by pledging to bring back manufacturing and build a wall with Mexico.

Some see a drift back towards sovereign nation states hostile to outside forces -- seen in the mantra of "take back control from Brussels" that won the Brexit vote.

"We had this romantic vision to be one world -- it is clearly over, nation member states have come back with a vengeance," said Samir Saran, a senior fellow at the Observer Research Foundation in New Delhi.

"It is something we are witnessing around the world."

Rashid made AMD of Brac Bank

STAR BUSINESS DESK

Mohammad Mamdudur Rashid has been promoted to the position of additional managing director of Brac Bank with effect from July 1.

He joined Brac Bank in 2009 and was the deputy managing director and head of wholesale banking prior to his new role, according to a statement.

He was the head of strategic planning for Citibank-Australia and New Zealand for its institutional banking business, and chief operating officer of Citibank in Bangladesh.

Rashid completed his MBA from the Institute of Business Administration of Dhaka University and his MA in international economics and finance from Brandeis University of Massachusetts, USA.



Kimberly-Clark halts Venezuela operations on deteriorating economy

REUTERS

Personal care products maker Kimberly-Clark Corp on Saturday said it was halting its Venezuela operations due to the deteriorating economic situation that includes soaring consumer prices and shortages of basic goods.

Irving, Texas-based Kimberly-Clark, the maker of Huggies diapers and Kleenex tissues, said that over the last two months it had already halted most of its production lines. It said it had been unable to obtain raw materials or hard currency and had been adversely affected by high inflation.

"The combination of these factors makes it impossible to continue our business at this time," Kimberly-Clark said in a statement.

"Kimberly-Clark will not continue producing, distributing or selling its product lines for institutional or mass consumption while this suspension is in effect."

The Opec nation's economy is in free fall due to low oil prices and a collapsing socialist economic model. Venezuelans routinely spend hours in line to find basic products ranging from food and medicine to personal care items such as diapers, sanitary napkins and toilet paper.

Many of those items are subject to price controls set below the cost of production, which has left companies with few incentives to produce them and fueled a smuggling trade by those who buy them and resell them at a hefty markup.



Kazi Asif Iqbal, assistant general manager of accounts and finance at Shah Cement Industries Ltd, and Azad Hossain, director of Connecting Edge, attend the signing of a deal at a programme at Shah Cement's corporate office in Dhaka. Connecting Edge will set up billboards for Shah Cement at Mayor Mohammad Hanif Flyover in the capital.

Mitsubishi Corp says scouting for Cuba infrastructure projects

REUTERS, Havana

Japanese trading house Mitsubishi Corp is scouting for business opportunities in Cuba including infrastructure projects at its Mariel special development zone, a top executive said on Friday.

Companies from Cuba's long-term trading partners such as Japan have stepped up interest in the Communist-ruled island since its detente with Washington, seeking to win investment projects before their US competitors turn up.

"We are trying to find new business opportunities to establish some infrastructure projects ... as well as new trading opportunities," Mitsuyuki Takada, Senior Vice President of Mitsubishi Corp Global Strategy, told

Reuters on the sidelines of the launch of the firm's new Havana office.

Local authorities had shown Takada and other visiting Mitsubishi executives around the Chinese-style special development zone at Mariel Bay earlier on Friday.

Cuba launched the zone, centered around a new container terminal, two-and-a-half years ago in a bid to become a shipment hub and spur new industrial projects. It offered investors significant tax and customs breaks.

Takada said the island had a strategic location at the center of the Caribbean and close to the United States, and stood to benefit from increased traffic through the renovated Panama Canal.

"From a logistics point of view, the Caribbean market has a big potential

to grow," he said. Mariel is part of a broader government drive in recent years to attract more investment to Cuba to spur economic growth.

Many foreign companies had previously been put off by its legal regime, the disadvantages associated with the US economic embargo and restrictive labor policies. But Cuba two years ago passed a new law offering investors steep tax cuts and promising a climate of investment security.

Shuichi Ijiri, who will head Mitsubishi Corp's new Havana office, said since "Cuba is changing" the company had decided to return at this time.

Ijiri said his company had a long trading relationship with Cuba, importing coffee beans to Japan and other Asian markets.

SNB says ready to adapt in post-Brexit market

REUTERS

The Swiss National Bank must be ready to react flexibly to any short term threats or opportunities arising from Brexit, SNB Chairman Thomas Jordan said in a newspaper interview published on Sunday.

"The question for Switzerland is to know how best to adapt. Right now it is still a bit premature to talk of risks or opportunities," Jordan told the newspaper Le Matin Dimanche.

"It's a complicated problem. In the short term, Switzerland must react with flexibility to changes that affect the financial markets and the global economy. In the long term, it must preserve its commercial relations with the European Union, its main partner, but also with the United Kingdom."

Retaining market access to both was fundamental, he said.

The SNB has intervened to weaken the franc after Britain voted on June 23 to leave the EU, as investors fleeing the plunging pound sought refuge in the franc.

Analysts expect the SNB to continue to be active in the markets to stop the franc strengthening above 1.08 against the euro but Jordan said the SNB was not targeting any particular euro/franc exchange rate.

"Our goal is to reduce pressure on the franc, which remains significantly overvalued," he said.

The SNB capped the value of the franc at 1.20 to the euro for over three years, but

abruptly dropped that policy in January 2015 in the face of mounting market pressure, causing an immediate spike in the franc's value.

Since then, the franc has weakened somewhat and traded in a range of 1.02-1.12 to the euro, with the SNB relying on negative interest rates and intervention to restrain investors who see it as a shelter from risk.

Uncertainty over Brexit will continue until Britain clarified its economic policy, Jordan said.

While Britain needed to define its future relationship with the EU, the EU should also think about making changes to improve the way it works and deal with the discontent in some member states, Jordan said.

Some countries needed to remove barriers to economic recovery, he said, enabling more labor flexibility and investment in training.

"It's important that the big countries become engines of growth once again, instead of being brakes."

Central banks globally had used all the available instruments to fuel economic recovery since the global financial crisis, but monetary policies required the support of structural policies.

"In principle, you can always take monetary policy further. Lower rates even more or increase money supply. This goes for the SNB too, which is focusing in particular on countering the pressure on the franc," Jordan said.

SIM re-registration takes toll on mobile money accounts

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Statistics on MFS accounts from June will be even grimmer as more than one crore active SIMs have been blocked since the deadline, said mobile operators.

Earlier, different banks that run MFS services said they will get a fresh and clean user database after the SIM re-registrations process, which will also help the market mature.

BB data showed although the number of active MFS accounts dropped, the total account number and even the number of MFS agents are increasing every month.

Currently around two-thirds of all mobile money accounts have gone inactive, with the number rising every month, according to BB data.

Though the number of active accounts declined, it did not affect the value of the transactions. In May, the daily average transaction amount was Tk 616.05 crore, which was Tk 606.9 crore in April.

Abul Kashem Md Shirin, deputy managing director of Dutch-Bangla Bank, earlier said agents usually get Tk 30-Tk 50 from the bank for opening a new MFS account, which is why they opened so many new accounts. However, those accounts were not used in recent times.

In Bangladesh, e-commerce and other related services do not have a strong footprint yet, although banks and other service providers are trying to increase the number of active accounts, he said.

However, the scenario may be different in June for Eid shopping, said market insiders. Ahead of Eid, some provided offers like cash back and discounts which may help increase the number of active MFS accounts.

Above all, transactions through mobile phones rose 64.67 percent year-on-year to Tk 18,481.56 crore in May, riding on the back of increased economic activities, BB said in the report.

The monthly average transaction against every active account stood at Tk 14,385 in May from Tk 11,270 in the same month last year.

WellCare, Centene make offers for Aetna assets

REUTERS

WellCare Health Plans Inc and Centene Corp made competing offers for the Medicare Advantage insurance plans that Aetna Inc looks to shed in seeking clearance for its acquisition of Humana Inc, people familiar with the matter said.

The potential divestiture is a central pillar of Aetna's efforts to win over regulators for its \$34-billion Humana deal. The health insurer met US Department of Justice officials on Friday in a bid to address their antitrust concerns.

WellCare and Centene submitted bids for a portfolio of Aetna's Medicare Advantage plans. Wall Street analysts said, for Aetna to appease antitrust concerns, the firm would need to sell Medicare Advantage plans in geographies where combined market share is greater than 35 percent.

Tourism takes a blow in terror aftermath

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Some 200 fans of England cricket team signed up with Bengal Tours for the England cricket team's tour of Bangladesh later this year. "They informed us that they would not come," Hossain said. Bengal, which handled 4,500 foreign tourists a couple of years ago, said inbound tourism has been on the wane.

The company got only 900 inbound tourists in 2015-16 and saw a deluge of cancellations after the murder of two foreign nationals -- one Japanese and one Italian -- last year. Bengal expected to host 3,000-4000 tourists in 2016-17, Hossain said. "This is the worst time for tourism," said Wahid Ullah, managing director of Silver Wave Tours.

The company was deep in preparation for its clients' arrival in September-October, when terror struck the capital. "We got our first mail of cancellation the very next morning from Japan." Wahid Ullah said his company has also cancelled bookings in hotels that were given for 100 tourists who were scheduled to come from England to watch the Bangladesh-England cricket matches in October.

"It would be tough to maintain operational expenses if this spate of cancellations continues," he added.

The Pan Pacific Sonargaon Hotel has not been impacted much because of renovations of most of its rooms, said MA Awal, its director of sales and marketing.

While some reservations were cancelled the day after the Gulshan attack, five foreign guests checked in on Saturday, he said. Selina Momen, director of public relations and liaison of the Westin Dhaka, said normally the presence of foreign guests is not much during this time. But it will take a few more days to get a true sense of the impact of the terror attack in Dhaka. "However, we have already beefed up security. Apart from the government law-enforcement agencies, we have tightened our own private security," she added.

Haque of Tour Planners said it is necessary to inform the tourist police whenever any visitor arrives.

He also urged the government to sit with all parties to address the problems of extremism.