

# Myanmar's Suu Kyi in pitch to foreign investors after Obama lifts sanctions

REUTERS, Naypyitaw  
Myanmar leader Aung San Suu Kyi on Saturday made a pitch to foreign investors, promising a clearer legal framework and opportunities in untapped economic sectors, two weeks after US President Barack Obama lifted most sanctions on the country.

Since taking power in April, Suu Kyi has been criticised for delays in forming a commission to approve foreign investment projects, overzealous scrutiny of construction sites in the country's largest city, and an economic plan that lacked details.

That, combined with a big political shake-up after the first democratic elections in decades, meant foreigners invested only \$380 million from April to July, down from \$2.6 billion in the corresponding period last year.

The situation changed in September, when Suu Kyi visited Washington, where Obama announced his intention to remove economic sanctions. Suu Kyi quickly followed with a push to pass foreign investment law and other necessary regulations.

"Our government noticed particular criticism from the public that an economic growth of the country is slowing," said Suu Kyi at a meeting with foreign donors, diplomats and investors in the capital Naypyitaw.

"I would like to stress that no one but our government is more eager to achieve progress, because economic development would help us establish democratic institutions here," said the Nobel Peace Prize laureate.

As part of her economic offensive this summer, Suu Kyi has embarked on a series of high-profile foreign trips, promoting Myanmar as an investment destination in China, Thailand, the United States and India. A trip to Japan is due in early November.

Finance and development minister Kyaw Win, also speaking at the event, sought to reassure foreign investors by pledging they would be treated equally with local companies and will not face arbitrary expropriation of businesses or licenses.

Nearly 50 years of economic mismanagement by a military dictatorship has shattered the country's roads,

airports and electricity supply. This means there is little homegrown industry and Myanmar's recent annual economic growth of 8 percent of GDP has been mostly fuelled by imports.

This has meant a widening trade and current account deficits that have pressured the local currency, the Myanmar kyat. "We need to push trade by increasing exports and reducing imports, by creating import substitution industry," said Kyaw Win.

He said it was important to develop domestic production through small- and medium-enterprises in manufacturing, promising technical and financial assistance.

Kyaw Win also promised a crackdown on smuggling of goods that has seriously depleted tax revenues. Myanmar's central government has little or no control over large parts of the northeastern border with China and Thailand where ethnic armed groups control cross-border trade.

"Illegal trade is prevalent in Myanmar. The volume of illegal trade is higher than that of legal trade. So we are trying to stop it," the minister said.



Clients and officials of Citibank NA, Bangladesh pose at the Citi Client Experience Week 2016, organised by the bank.

## China September home prices rise at record rate

REUTERS  
China's new home prices rose in September at the fastest rate on record as buyers rushed to close contracts before new restrictive measures took effect in October.

The boom in sales and prices was evident in mortgage lending, with new housing loans to individuals totalling 475.9 billion yuan in September alone, some 76 percent higher than the same month last year, central bank official Ruan Jianhong said in a news release.

Prices in China's 70 major cities rose 11.2 percent in September from a year earlier, accelerating from a 9.2 percent increase in August, as 64 of them saw year-on-year price gains, a National Bureau of Statistics survey showed on Friday.

September's national price growth was the fastest since the series was started in 2011.

The property market, accounting for around 15 percent of gross domestic product, contributed handsomely to third quarter economic expansion of 6.7 percent.

## Malaysia PM unveils generous budget as elections loom

AFP, Kuala Lumpur

Malaysia's embattled prime minister announced a 2017 budget featuring handouts to key voting blocs on Friday, as elections loom with his government under pressure over a massive corruption scandal.

Najib Razak also announced more spending for infrastructure projects to help stimulate a economy that is decelerating amid the global oil slump and a slowdown in major trading partner China.

Najib and his ruling establishment have been rocked since last year by allegations of a vast international scheme of embezzlement and money-laundering involving a sovereign fund called 1MDB.

In a July lawsuit, the US Justice Department detailed how an unnamed "Malaysian Official No. 1" -- later identified by officials as Malaysian Prime Minister Najib Razak -- and his family members and close associates diverted billions from the fund.

The affair has cast doubt over the outcome of parliamentary polls due by 2018, but which could come as early as next year. The ruling coalition Najib now heads has been in power for nearly six decades.

Najib tabled a budget of 260.8 billion ringgit (\$62.35 billion), or 3.4 percent higher than for 2016, while ticking off a range of populist perquisites such as increases in annual cash assistance to low-income families.

But he rejected suggestions that such items were motivated by electoral concerns. "The cash handout is not bait. It is a sincere gift," Najib told parliament.

He said economic growth will slow slightly to between 4.0-4.5 percent this year

and 4.0-5.0 percent in 2017. Growth was 5.0 percent in 2015.

But Najib insisted Malaysia's diversified economy remained resilient.

The opposition almost annually accuses Najib's government of using government largesse -- and authoritarian tactics -- to offset increasingly weak electoral showings.

Ninety-one-year-old former premier Mahathir Mohamad, a harsh critic of Najib over 1MDB, said this week that public "money is being used to win popularity for the Prime Minister".

The new populist measures included increases in affordable housing and loans for home purchases.

Najib also said the government would allow civil servants -- an important pro-government voting bloc -- to buy homes at discounted prices. Many civil servants also will have their contracts extended.

Analysts labelled it a populist budget, but said constraints imposed by Malaysia's fiscal situation limited the spending.

"It's not quite the full-blaze election budget that was expected," said Song Seng Wun, an economist with CIMB Private Banking.

"The fiscal constraints on his government are real."

Najib and 1MDB, or 1Malaysia Development Berhad, both deny wrongdoing.

But Najib is yet to fully explain his role in the scandal, which is being investigated by authorities in a half-dozen countries, including the United States and Switzerland.

Opposition MPs halted Najib's budget speech for several minutes, shouting and raising placards demanding he come clean on 1MDB.



Anup K Sarker, executive director for marketing at Concord Entertainment Co, and Firoz Ahmed, chief operating officer of Dan Foods Ltd, exchange the signed documents of a deal at a programme at the head office of Concord in Dhaka on October 20. Dan Foods will arrange advertisement, events and activation programmes in the entertainment complexes of Concord and supply its manufactured products to Fantasy Kingdom and Water Kingdom.

## National data centre to be ready by 2017

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The data centre infrastructure features top security design, explosion proof walls, earthquake resistance structure and energy saving technology.

"It will serve Bangladesh government in its top IT applications and data storage services, and assist local and foreign enterprises with professional ICT services to help boost economic growth," Wang said.

Bangladesh will undergo massive expansion and modernisation of its telecom network following a major agreement announced between Bangladesh Telecommunications Company Ltd and ZTE Corporation. ZTE was awarded the job to upgrade the telecom network of BTCL.

The network overhaul is aimed at providing a wider, modernised and low-cost

range of IP telephony, high speed internet and coverage services such as video calling and video conferencing over BTCL's PSTN access lines. The upgrade will enable the state-run telecom company to compete with mobile alternatives.

Under the programme, three main platforms will be established in Dhaka, Chittagong and Khulna from which new telecom services will be made available in all divisions, districts and upazilas, Wang said.

The merger of fixed telephone network and computer communication provides huge potential for developing new services and fueling consumption demand.

The telecom industry is able to raise living standards of people and facilitate greater communication among them, Wang said.

## New WB loans for infrastructure

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Ahmed said the loans should be taken for projects that have greater economic rates of return as it is a type of semi-commercial loan.

The loan will not be viable if the economic return is not more than its borrowing cost. The loans may be taken for infrastructure projects like power, roads and bridges, he said.

The finance ministry official said they have already sent some proposals to the WB for loans, of which one is for the Investment Promotion and Financing

Facility project run under Bangladesh Bank. Loans are already being given to different infrastructure projects in the private sector under the scheme.

The government has sought an additional \$100 million from the WB for the fund. Ahmed said the government can take loans for such projects as the fund will boost the economy through the private sector.

But the government should not bear any risk in the loans given to the private sector and the rate of interest on the loan will not be subsidised, he added.

## Bangladesh seeks to use Indian network to export bandwidth to Bhutan

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The discussion began in August and an expert team from Bhutan visited Bangladesh to check out the landing station of BSCCL's lone submarine cable, South East Asia-Middle East-Western Europe 4 or SEA-ME-WE 4 in the last week of September.

Bhutan wants to initially import 5 to 10 Gbps of bandwidth from Bangladesh. It is importing 65 Gbps of bandwidth from India at a higher price than in Bangladesh.

"They are connected with fourth generation (4G) technology -- that's why the Bhutanese people consume higher bandwidth per-head than us," said a senior official.

BSCCL now has a connectivity of 200 Gbps through SEA-ME-WE 4, with 130 Gbps being used. The company will be connected to the second cable (SEA-ME-WE 5) in the first quarter of next year and Bangladesh will get another 1,300 Gbps of internet bandwidth through it.

## Sales in Britain, Japan boost McDonald's

AFP, New York

With more customers in Europe and elsewhere choosing to eat fast food, McDonald's reported unexpectedly strong third quarter results Friday, despite sluggish growth in US restaurants.

The fast-food giant pointed to especially strong sales in Britain and Japan, as well as positive results in Australia, Canada and Germany.

That compensated for declines in some other markets, including France, where a steep drop in tourist activity pinched sales.

McDonald's scored a 3.5 percent gain in comparable global sales in the quarter, much better than the 1.5 percent seen by some analysts. About two-thirds of the company's revenues come from outside the US.

The results "are a testament to the progress we are making to satisfy the needs of today's dynamic customers," said McDonald's chief executive Steve Easterbrook, who has led the overhaul of the company's global structure that led to the strong performance in international restaurants.

Net income for the third quarter dipped 4.4 percent to \$1.3 billion. That translated into \$1.50 a share, a penny above analyst expectations.

Net sales declined 3 percent to \$6.42 billion, better than the \$6.28 billion projected by analysts.

Easterbrook was tapped in January 2015 to turn around McDonald's fortunes after a lengthy slump saw the home of the Big Mac lose ground to other fast-food chains like Wendy's and high-end brands such as Shake Shack.

He shifted the global organization from region-based to one structured around comparative growth potential, with countries split into groups such as "high growth" and "foundational."

Easterbrook also sold restaurants to franchisees and introduced new menu options, including the very popular all-day breakfast in the US.

He has spoken of the need to transform McDonald's into a "modern, progressive burger company," in part by focusing on better ingredients, boosting mobile technology capacities and improving customer service.

Challenging countries include France, which is struggling with a steep dropoff in tourist activ-

ity after the violent attacks in Paris and Nice in the past year.

Among locals in France, "there's a slight reticence to go into tourist areas," he said.

"I think some of these things are temporary and some might be more permanent. But it certainly means our management teams must be much more agile and responsive to act in accordance with customer concerns."

Another problem area was China, where protests against McDonald's and other US companies hit sales after an international court in July ruled invalid China's claims to a vast swathe of the South China Sea.

McDonald's is seeking a franchise buyer for some 2,000 restaurants in China that could fetch as much as \$2 billion, according to US press reports.

McDonald's chief financial officer Kevin Ozan said, "We are currently in the process of vetting a select number of qualified bidders."

Ozan also said McDonald's had "made meaningful progress" in an effort to find partners in Malaysia and Singapore, where there are cur-

rently 400 restaurants, mostly company-owned.

McDonald's performance overseas was "resilient," even with the stronger dollar, said Neil Saunders, chief executive of Conlumino, a research and consultancy firm.

Saunders was less enthused over the restaurant's prospects in the United States, writing that the "company's recovery has lost some of its initial momentum."

In the US market, comparable sales rose 1.3 percent, slower than the 1.8 percent growth in the prior quarter.

Saunders agreed the overall US restaurant sector was "remarkably soft" in the third quarter, but said McDonald's also faces challenges as it tries to attract more young consumers who prefer Chipotle and other brands.

"The blunt truth is that McDonald's brand image is not one that naturally supports a more premium offering, especially in a market like the US where much work on the design and ambience of restaurants is still needed," Saunders said.

The company's share price rose 3 percent to \$113.89 in afternoon trading.



A Ronald McDonald character poses in front of a McDonald's restaurant in California.