

High taxes dent telecom sector's growth: operators

STAR BUSINESS REPORT

Mobile operators yesterday blamed high taxes on handsets and duties on mobile services for less-than-expected growth of 3G and other telecom services in Bangladesh.

"The country has missed opportunity every year by increasing tax on either services or handset imports," said the Association of Mobile Telecom Operators of Bangladesh (AMTOB) at a post-budget briefing at Sonargaon hotel in Dhaka.

"Had the government not imposed new tax or increased tax, Bangladesh would have got extra penetration and earned more revenue, which would have eventually taken the country towards digitisation," said Matul Islam Nowshad, chief corporate and people officer of Robi Axiata.

The government has increased value added tax and customs duty on handsets and imposed supplementary duty and surcharge on mobile phone usage for the fourth consecutive fiscal year in 2017-18, adding more hurdles to the ongoing digitalisation efforts, according to the AMTOB.

Taimur Rahman, senior director of Banglalink, said smartphone penetration could have been at least 40 percent since the launch of 3G in 2013. Smartphone penetra-

tion is 27 percent now.

"The handset tax is a hurdle for the industry," said Rahman.

Mahmud Hossain, chief corporate affairs officer at Grameenphone, said the overall 3G coverage is more than 65 percent, and internet penetration stands at about 18 percent.

"These numbers could be better if the government considers the telecom sector as an enabler to the economic development," said Hossain.

AMTOB Secretary General TIM Nurul Kabir said they have so far invested \$3.8 billion in the 3G network. However, the return on investment is very low because of handset tax, SIM tax and high spectrum charges.

"The government can earn more from telecom services, and the economic growth can be more than 8 percent if the SIM tax is fully withdrawn and some other taxes are cut," he said.

The operators had demanded withdrawal of VAT from all kinds of internet use, reduction of corporate tax to a rational level, and elimination of SIM tax in the new budget.

But their demands were not met. Rather, the tax on mobile SIM imports was increased and some new taxes were slapped on equipment imports.

Oppo launches black version of Oppo F3

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Oppo launched a black version of its Oppo F3 smartphone at a programme on Tuesday.

The price of the phone has been set at Tk 25,990 for the mid-range market.

The company has recently launched Oppo F3 Gold, which is the second smartphone with dual front camera after the F3 Plus, the company said in a statement.

The F3 features a dual front camera: a 16-megapixel Selfie camera for individual selfies and a wide-angle lens for group selfie.

"Oppo F3, the colour 'Black' is synonymous with style and suave. With a stylish edge to the new Oppo F3, we aim to give consumers a chance to make a style statement," said Navy Yi, managing director of Oppo Bangladesh.

Besides dual selfie camera, the Oppo F3 is also equipped with a 13 MP rear camera that has a 1/3-inch sensor.

The mobile phone has an octa-core processor, 4GB RAM and 64GB ROM, the company said.

Windows 10 has 500m active devices: Microsoft

STAR BUSINESS DESK

Windows had reached 500 million Windows 10 monthly active devices, Microsoft CEO Satya Nadella said in its annual developer conference—Build 2017—held in Seattle, USA. At the conference, Microsoft also shared the first details of the next major update to Windows, the Windows 10 Fall Creators Update.

The update will be available later this year, which will deliver new experiences for more than 500 million Windows 10 devices, the company said in a statement yesterday.

The update will have a new design system and creative experiences that will move with users across Windows, iOS and Android.

New apps like iTunes will come to the Windows Store, new tools will make Windows home for all developers and there will be the world's first Windows Mixed Reality motion controllers.

It was also noted at the conference how Windows, Microsoft Office and Microsoft Azure together offer developers more than a billion opportunities to connect their inno-

vations with Microsoft customers, according to the statement. Microsoft also announced that the new Azure data and cloud services will help developers quickly modernise their existing apps.

"In a world of near infinite compute power and an exponential growth in data, we are focused on empowering every developer to build applications for this new era of intelligent cloud and intelligent edge," Nadella said.

Microsoft also showcased how it is meeting developers where they are and how it is helping them be more successful, with new Microsoft Azure and Visual Studio services, the company said.

At the conference, the company also announced its plans to better connect developers with Office 365 customers around the globe. Currently, Microsoft's Office 365 has more than 100 million active users worldwide.

First held in 2011, Microsoft Build is an annual conference organised by Microsoft, aimed towards software engineers and web developers using Windows, Windows Phone, Microsoft Azure and other Microsoft technologies.

Chinese architect plans garden city in new economic zone

REUTERS

The chief architect of China's latest special economic zone said he expects to submit to the government by the end of this month a detailed proposal including plans for a high-tech garden city in one of the country's most polluted provinces.

The idea of developing the Xiongan New Area, about 100 km (60 miles) southwest of Beijing, was announced on April 1. The planned zone in Hebei province has been touted as having the same national significance as the Shenzhen Special Economic Zone that helped launch China's economic transformation in 1980.

"We estimate the proposal would be submitted to the central government for review by the end of June," Xu Kuangdi,

chief adviser for the planning of the Xiongan economic zone, said at a forum on regional development in Beijing.

All infrastructure in the zone, including transport, water and electricity, will be built underground to make room for green spaces and pedestrians, Xu said on Tuesday.

Inter-city transport would be "ultra-convenient", with the commute between Xiongan and Beijing a mere 41-minute ride by high speed rail, he said.

There are, however, still challenges, such as securing water supplies in such a dry area, reviving the ecology of the Baiyangdian lake, and ensuring the city is so smart and high-tech that it would "still be advanced in 100 years", a requirement set out by President Xi Jinping. "President Xi's words have given us lots of pressure," Xu said.

Luxury hotels arrive in Cuba despite fears Trump may hurt tourism boom

REUTERS, Havana

Towering cranes dot the Havana skyline as communist-run Cuba races to build luxury hotels, amid indignation among some residents and concern that US President Donald Trump might reverse a detente that fueled the tourist boom.

Swiss-based Kempinski Hotels SA will inaugurate its Gran Hotel Manzana in the heart of the capital on Wednesday, billing it as Cuba's first true luxury hotel.

The five-star property, managed by Kempinski but owned by the Cuban government, occupies the top floors of a renovated Belle Epoque shopping mall filled with glitzy Gucci and Montblanc stores.

Farther down the iconic Paseo de Prado boulevard toward the Caribbean Sea, workers are developing two other sites into luxury hotels to be operated respectively by Spain's Iberostar and France's Acor SA ACCP.SA, the largest hotel group in Europe.

Tourism is the one bright spot in Cuba's moribund economy, which is struggling with falling exports and upheaval in major trade partner Venezuela.

Cuban Tourism minister Manuel Marrero said in May that more than 4.2 million tourists were expected this year, up from 4 million in 2016. He said the country was adding 2,000 hotel rooms a year to its stock of 65,000 hotel rooms and 21,000 homes renting to tourists.

Visits by Americans have soared since US-

operated cruises and scheduled flights were relaunched last year as part of the detente pursued by former President Barack Obama after a half-century hiatus.

However, his successor Trump is considering tightening those rules when he announces his Cuba policy as soon as this month, according to current and former US officials and people familiar with the discussions. That would likely hurt tourism, at least in the short run, and might slow the pace of hotel construction.

"We hope that trade and travel restrictions eased by the Obama administration will not be tightened again by the current US government," said Alessandro Benedetti, a marketing director at Kempinski. "That would not be favorable for any kind of businesses connected to tourism, such as cruise ship operators, airlines or hotel chains."

The Cuban government has courted foreign hotel operators to develop untapped markets, particularly in high-end tourism. With its gleaming white stone facade and French bay windows, the Gran Hotel Manzana features a rooftop infinity pool overlooking Havana's central park, as well as a spa with steamroom and sauna. There is also a cigar lounge with a tobacco sommelier.

Industry experts say Cuba, which offers a plethora of low- and mid-range accommodation, is right to bet on luxury, although it will be a challenge for operators to maintain standards in a tightly controlled Soviet-style economy. "We

have travel agencies contact us saying they had never worked with Cuba because it didn't offer anything up to their standards," said Benedetti.

"But now that's changed," he said, citing strong interest from US tourists seeking more luxurious destinations.

It remains unclear how far Trump will go in rolling back Obama's changes. Any reinstatement of US restrictions on Cuba travel would face criticism from American travel companies as well as a growing number of US lawmakers.

The number of US visitors rose 74 percent last year, but Americans are still not officially allowed to visit as tourists. Because their trips must fit certain categories, like educational travel, most descend on Havana rather than the coastal resorts.

While Cuba has been building resorts around the island, it has redoubled its focus on the capital, where hotels are fully booked year-round and demand is growing.

"With this increase, it would be appropriate to have products of high standard," said Francisco Camps, Cuba deputy general manager for Spain's Meliá Hotels International SA, which wants to introduce its two main luxury brands. Despite assurances tourism revenues will benefit all Cubans, the move has stirred mixed feelings in a country that prides itself on social equality. "The hotels are very pretty, but they are too expensive for Cubans," said retiree Antonio Cazamayor, who lives on a monthly pension of \$10.

Regulator working on internet price guideline

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Currently, there are 6.67 crore internet users in the country, 95 percent of which access internet from their handheld devices.

The consultants have already sat with the mobile operators and are due to sit with the internet service providers and nationwide telecommunication transmission network service providers today.

The data cost model, which would contain the floor and ceiling prices, will not be ready before September, said a senior BTRC official.

"The model will help us bring proper regulation in this field," he said. The mobile phone operators have welcomed the move: they said it will give a clear picture to everybody.

"We are welcoming it. However, we expect the telecom regulator to share the outcome of the study with us in a transparent way through a consultation process," said Mahmud Hossain, chief corporate affairs officer of market leader Grameenphone.

At present, the data service prices are set by the operators, with the regulator having no benchmark to check the rationality of the pricing.

The data prices in the country are already the second lowest in the world after Vietnam, according to the Association of Mobile Telecom Operators of Bangladesh.

The principle of the cost modelling should be clear first, said Abu Saeed Khan, senior policy fellow at LIRNEasia, an ICT think-tank based in Colombo. "Is this consultation protecting private duopoly of the transmission business in the country? This should be the main issue of BTRC's consultation." And the ITU consultants should focus on the issue, said Khan, also a former secretary general of Amtob.

"They have to prepare the recommendation considering this issue very seriously," he added.

Senior officials of the regulator said they are planning to fix the upper and lower price limit for mobile operators' data packages.

For regular voice calls, there is a Tk 2 ceiling

and a floor price of Tk 0.25 for each minute, which the regulator fixed in 2008 after a cost modelling analysis supported by the ITU.

The ITU gave the service for free for Bangladesh's least developed country status.

After a few years, the BTRC set the ceiling at Tk 0.50 for each local SMS and Tk 2 for international SMS. There is no lower price limit in this segment, said an official of the regulator.

However, value-added services in SMS and voice could be priced differently with prior approval from the regulator.

Earlier, BTRC Chairman Shahjahan Mahmood said they understand that bandwidth is one of the components of the total cost.

"But it is a costly one and there should be some impact at the end user level when we reduce it. But the telecom companies seem to disagree."

As of April, the country's total data consumption stood at about 425 Gigabits per second, said MA Hakim, president of the Internet Service Providers Association of Bangladesh.



REUTERS/FILE

The audience assembles before the start of Apple's annual developer conference in San Jose, California.

released each Tuesday on Apple Music and available only to the streaming service's subscribers.

On the show, developers try to interest celebrity mentors with a 60-second pitch on an escalator. The advisers help contestants build

their products and prepare appeals for funding from Lightspeed Venture Partners, the first investor in Snapchat.

"The question when you have ideas is how to take those to fruition," Eddy Cue, Apple's senior

Stop injecting funds into state banks

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In the proposed budget for fiscal 2017-18, Tk 50,432 crore has been assigned to the sector, which is 2.2 percent of GDP. The amount is an increase of about 14 percent from the current year.

Though the budgetary allocation has been increased for the education and health sectors in the proposed budget for the upcoming fiscal year, it is still proportionately lower than what they ought to be, they said.

Some Tk 20,679 crore has been proposed for the health sector in fiscal 2017-18, up 18 percent year-on-year.

"The main problem lies in implementation of the budget," said AB Mirza Azizul Islam, former adviser to a caretaker government.

On the one hand, the size of the budget increasing, while on the other hand, the level of implementation is decreasing.

For instance, in fiscal 2012-13, 93 percent of the budget was implemented, where last fiscal year the implementation rate was 78 percent.

"It will be the same story at the end of this year," he said, adding that the incompetency of the project managers is one of the main reasons for the failure to implement the budget in full.

He went on to suggest the government to introduce an incentive system to gain momentum in implementation of the budget.

"There is no incentive system activated in country's administration. No one gets reward for their good job, while there is no punishment for corruption."

Islam also touched upon the issue of project costs.

At present, the country's incremental capital output ratio, which is the marginal amount of investment capital necessary to generate the next unit of production, stands at 4.5 percent. This means, for every Tk 4.5 spent Tk 1 of output is generated.

New digitisation policy on cards

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Palak also said they will discuss with all stakeholders and business communities to make the policy inclusive.

The government should highlight cybersecurity in the policy, said Mustafa Jabbar, president of Bangladesh Association of Software and Information Services, in his keynote speech.

Sudipto Mukerjee, country director of United Nations Development Programme,

In most countries, the ratio is in the neighbourhood of 3. The higher the ratio, the lower the productivity of capital.

"The ratio is much less in countries like Cambodia, Laos than in Bangladesh. If we can increase capital efficiency, it is possible to increase growth by making less investment," Islam added.

At the event, Bayes and Syeed Ahmed, chief executive officer of IID, jointly presented a keynote paper.

The proposed budget has four special features from a macroeconomic perspective: expectation and growth, pre-election, compromise on education sector and dependence on middle-class, they said.

"Last year's growth has not created inspirational employment," Bayes said.

He also criticised the government move to hike the excise duty on account balances by as much as 67 percent from next fiscal year.

"I am personally against this tax. This can reduce the confidence that people have on banks."

The adult and disabled allowances were increased in the upcoming budget, which, they said, is a good sign. But the right beneficiaries of the programmes are not selected.

Recently a study has shown that 20 percent of the selection is not correct, said Shameran Abed, director of Brac's microfinance programme.

Meanwhile, Brac and IID recently surveyed 5,000 people around the country to gather the opinion of ordinary people on the impact of the proposed budget on their lives.

Some 56.4 percent of the respondents said the prices of daily commodities will increase, while 41.6 percent said the prices of some products will decrease and some products will increase.

Mohammad Ariful Islam, Brac's programme head of health, nutrition and population, also spoke.

called for inclusion of opinions of citizens from all the corners of Bangladesh.

By 2030, about 80 percent garment work will be digitised, so Bangladesh should keep the information in mind when preparing the policy, said Anir Chowdhury, policy adviser to the Access to Information programme under the Prime Minister's Office. At the workshop a committee has been formed; they will prepare a draft and then the next phase of consultation will start.