On chaotic SE Asian roads, local hero Grab zips past Uber

AFP, *Singapore*

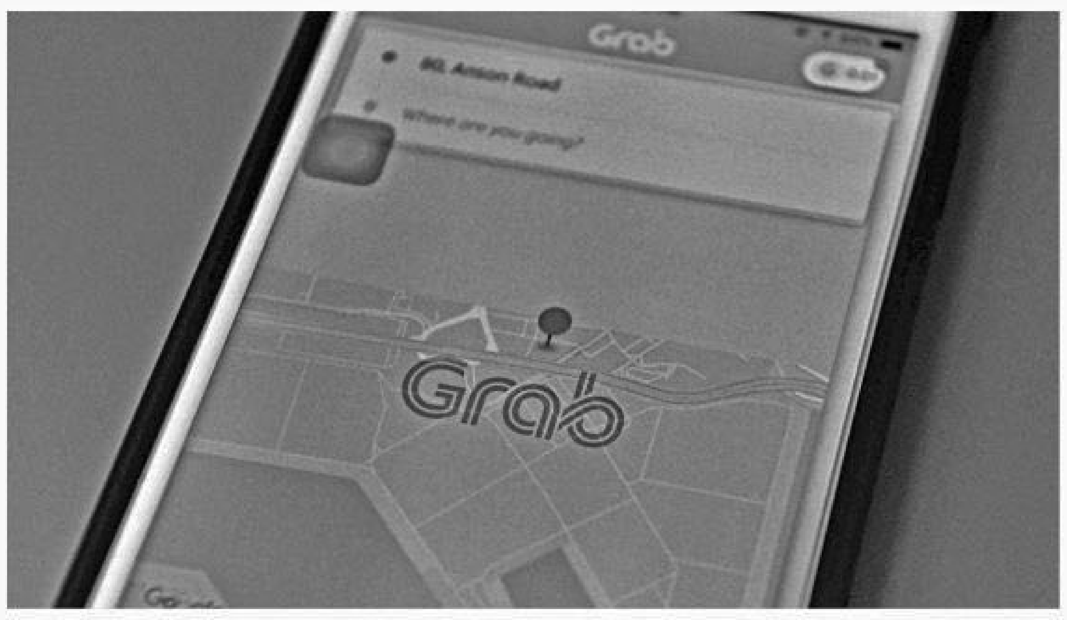
Uber may be the world's biggest ride-hailing company but it was left in the dust in Southeast Asia by homegrown upstart Grab, which knew better how to navigate the chaotic highways and byways of an eclectic region.

Spanning 10 countries, from wealthy, ultra-organised Singapore to places like Indonesia and the Philippines that are home to traffic-choked cities, coming up with a ride-hailing service for the whole of Southeast Asia was never going to be easy.

But Grab's Malaysian chief executive, Anthony Tan, combined his local knowledge with sharp business sense from his time at Harvard Business School to come up with a service well adapted to the region and quickly raced past Uber.

After a years-long fight that cost both companies huge sums as they aggressively slashed fares and rolled out special offers, the California-based company threw in the towel Monday and sold its ride-sharing and food delivery services to Grab for an undisclosed sum.

"Grab is more familiar with its home territory, Southeast Asia," said Song Seng Wun, a regional economist with CIMB Private Bank.



AFP

This photo illustration shows the Grab booking application seen on a smartphone in Singapore.

"They saw the Uber model and tweaked it to adapt to local conditions, giving Southeast Asians what they want."

In 2015 they added motorbike taxis to their ride-hailing app in Indonesia, where many commuters get around on two wheels due to heavy traffic, helping them to rival local titan Go-Jek, which had pioneered the service.

Uber followed slowly up the rear, only adding motorbike taxis to their service in the Indonesian capital a year later, by which time the market was saturated.

Uber's disadvantage was that they lacked local knowledge and relied heavily on the model which had allowed them to lead in developed markets, according to Song.

With smartphone ownership exploding across a region that was rapidly growing more affluent, Grab moved fast and expanded aggressively to ensure they were Southeast Asia's best-known ride-hailing app -- they now operate in 195 cities across eight Southeast Asian countries.

As they became more successful, they attracted more funding, including $2.5 billion last year from investors including Chinese ride-hailing firm Didi Chuxing and Japan's SoftBank. By contrast, when they sold off their operations, Uber was operating in just 64 cities in eight Southeast Asian countries.

Grab has expanded dramatically from its early days. In 2012 Tan quit his job at the family business -- Tan Chong Motor, which distributes Nissan cars in Malaysia and Singapore -- and founded taxi-booking app MyTeksi with a friend from Harvard.

The name was later changed to GrabTaxi and then just Grab. It now has a huge range of services, from offering private cars and motorbike taxis to renting out coaches, push bikes and electric scooters, to a payment system called GrabPay.

Tan himself sounds amazed that his company has done so well. "We are humbled that a company born in Southeast Asia has built one of the largest platforms that millions of consumers use daily," he said, in a statement announcing Monday's deal.

His next big challenge is Indonesia, Southeast Asia's biggest market -- where he will be taking on former Harvard classmate Nadiem Makarim, the CEO of ride-hailing market leader Go-Jek.

India says China promises to address trade deficit concerns

REUTERS, *New Delhi*

China on Monday promised to address India's concerns about the trade deficit between the two countries, the Indian trade ministry said, adding that New Delhi has also sought greater market access for products like rapeseed, soyabean, rice and sugar.

Visiting Chinese Commerce Minister Zhong Shan "welcomed Indian investment in China and promised to address the trade deficit between the two countries," India's trade ministry said in a statement.

Bilateral trade between India and China boomed to $71.45 billion in 2016-17 from $1.83 billion in 1999-2000, though most of this is skewed to Chinese exports.

The trade deficit has widened to $51.1 billion, a nine-fold increase over the last decade, despite repeated Indian calls for China to address the imbalance and open its markets.

High officials of Isuzu, Itochu in town

Yasuyuki Niijima

Tsunetaka Mori

STAR BUSINESS DESK

Yasuyuki Niijima, executive officer of Isuzu Motors Ltd, and Tsunetaka Mori, general manager of Itochu Corporation, are scheduled to arrive in Bangladesh today on a three-day visit.

Uttara Motors Ltd, assembler and distributor of Isuzu Motors in Bangladesh, invited the senior officials of the Japanese companies. They will lead a six-member delegation.

During their stay, they will have an extensive business discussion with Matiur Rahman, chairman and managing director of Uttara Motors, and the board of directors of the local company, on future investment and market expansion of Isuzu vehicles.

Niijima and Mori will also meet with corporate chiefs and senior executives from various companies to discuss business expansion.

Once hot favourite, India bonds lose their charm for foreign investors

REUTERS, *Mumbai*

After betting strongly on Indian bonds last year, foreign investors are cutting their holdings as a tumbling rupee erodes their returns and economic risks cloud the outlook of a once-hot emerging market play.

With only three trading sessions left in March, foreign investors have sold a net $1.12 billion in Indian debt, the strongest monthly outflow since December 2016, and are now on the verge of turning net sellers for the year so far.

Overseas investors had previously proven remarkably resilient, helping support debt markets at a time when tumbling bond prices had spooked domestic players, with the benchmark 10-year yield up around 110 basis points since the end of July.

But a near 2 percent fall in the rupee this year is now starting to erode returns for foreign investors at a time when emerging markets continue to lose favour as rising US interest rates narrow the yield differentials.

More problematically for India, foreign investors say outflows also reflect rising economic concerns.

Chief among those concerns is inflation, which has stayed above the Reserve Bank of India's 4 percent target for five consecutive months, feeding fears the central bank could hike its policy rate as early as this year.

Rising energy prices are widening India's trade and current account deficits, while the government has also loosened its fiscal deficit targets to finance increased spending ahead of general elections due by 2019.

Ashley Perrott, head of pan-Asia fixed income at UBS Asset Management in Singapore, is one cautious foreign investor holding back from adding investments.

Microsoft's education exchange conference held in Singapore

STAR BUSINESS DESK

Microsoft has recently hosted its annual education exchange conference in Singapore with educators and school leaders from around the world exchanging ideas to develop innovative experiences in classrooms.

About 400 educators and school leaders from 91 countries, including Bangladesh shared innovative ways of teaching and preparing students for the digital age, said Microsoft Bangladesh in a statement.

The participants explored emerging trends in education, including new technologies that support teaching, skills development, modern pedagogies, safe school environments, and predictive analytics that identify at-risk students.

"At Microsoft, we believe that educators are heroes and are pushing the boundaries of what is possible to transform learning and making a direct impact on the experiences and lifelong skills of their students," said Anthony Salcito, vice-president for worldwide education at Microsoft.

MICROSOFT

Educators and school leaders from around the world pose at Microsoft Education Exchange 2018 in Singapore recently.

S Korea makes concessions to preserve US trade deal

AFP, *Seoul*

Seoul has agreed to a quota for steel exports to the US 30 percent below current sales and accepted extended tariffs on pick-up trucks to secure a revised trade deal with Washington and escape its steel duties, the government admitted Monday.

South Korea and the United States are security allies both threatened by the nuclear-armed North but since taking office US President Donald Trump repeatedly threatened to tear up their free-trade agreement, raising concerns about undermining the economic leg of their alliance.

The Trump administration instigated talks in July to renegotiate the free trade treaty, known as KORUS, and the US last week imposed duties on steel imports from multiple countries including China, raising fears of a trade war.

South Korea and the United States have agreed "in principle" on the revisions of their free-trade agreement (FTA) and steel tariffs, Seoul's trade minister said Monday.

The South's economy is heavily dependent on trade, with the US as its second-biggest partner and Seoul's trade minister said Monday they had reached agreement on revising the KORUS deal after weeks of negotiations.

Under the pact, Seoul will further open its auto market to US manufacturers, while accepting a 20-year extension until 2041 to a 25 percent US tariff on Korean pick-up trucks.

On steel, South Korea accepted an annual export quota of 2.68 million tonnes to the US, 70 percent of its average shipments in the past three years.

That amount will be exempted from the US steel tariffs, trade minister Kim Hyon-chong told reporters, but any excess will be liable to penalties. He described the negotiations as "fierce" but insisted: "As a negotiator, I can say it was a negotiating table where I had nothing to feel inferior about."

But Sogang University international trade professor Heo Yoon told AFP: "The US got what it wanted."

"The Trump administration needed to harvest an outcome from the negotiation to show its supporters," he added, warning that Washington could in future "slap tariffs on semiconductors" -- a crucial South Korean export.

"I don't know what bargaining chips we have left to withstand trade pressures from the US."

has long called the 2012 KORUS agreement a "horrible" deal and a job killer, arguing it was lopsided on the grounds that the US trade deficit had ballooned since it was signed.

The number of auto imports to South Korea from the US that will not have to meet Seoul's safety regulations was doubled to 50,000 vehicles, Kim said.

Apart from the steel tariffs exemption for the quota exports, he did not identify any other concessions on Washington's part.

He insisted that Seoul had been able to defend its "red line" on farm goods, obligatory use of US auto parts and avoid any backtracking on already exempted tariffs.

But he expected more turbulence in the relationship under the current US president.

"There are always risks in trade," Kim said.

"I think President Trump will be a two-term president and be at the White House for eight years and in my opinion, I think there will continue to be risks during this time."

The two sides will meet in the coming days to finalise the updated pact, Kim said.

All three major US automakers -- General Motors, Chrysler, Ford -- each shipped fewer than 10,000 vehicles to South Korea last year, Kim said, adding: "This is an important fact."

There were at present no South Korean pick-up truck exports to the US, he added, implying that no currently existing sales would be affected.

France beats EU deficit, growth targets in win for Macron

AFP, *Paris*

France on Monday reported a budget deficit equivalent to 2.6 percent of the economy in 2017, below the EU limit of 3.0 percent for the first time in a decade.

The INSEE national statistics agency also reported 2.0 percent growth in 2017, France's highest in six years.

The deficit figure, which beat expectations of 2.9 percent of gross domestic product (GDP), is a fresh sign the eurozone's second-biggest economy is experiencing a rebound under President Emmanuel Macron. In 2016, the deficit stood at 3.4 percent of GDP.

The 2017 figure was the first to come below the European limit since 2007 -- the year the global financial crisis erupted.

France, long a laggard in Europe, has come under strong pressure to do more to reduce its budget deficit and debt, which are still among the highest in the eurozone.

The decline in the deficit does not mean a reduction France's public debt as the government is still borrowing more than it repays, INSEE said in a statement.

Public debt stood at 2.2 trillion euros, or 97 percent of GDP, at the end of 2017.

Still, France's return below the EU deficit limit is good news for Macron's government, which had made it a goal to reduce the deficit below 3.0 percent. "We have honoured our engagements," Finance Minister Bruno Le Maire told France Info radio, as he welcomed the "good news".

"It is proof that the strategy laid out by the president of the Republic on reducing public spending, realigning our public accounts and growth is the right one," he said.

France and Spain are the only eurozone countries to remain under the EU's "excessive deficit procedure".

To be given the all clear, France must register a deficit-to-GDP ratio below 3.0 percent for another year. Macron's government has forecast a 2.9 percent deficit for 2018, but thanks to the strong growth, that goal may now be revised downwards.

The economy expanded by 2.0 percent in 2017, representing a marked pick-up from 2016, when GDP grew by 1.1 percent.

Car brands fond of Bangladeshi jute

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However, small traders cannot supply jute to the car brands directly like Hussain can. Take the case of Kamrul Islam Bulbul, co-owner of Bulbul Traders, a Narayanganj-based jute exporter. He supplies 400 tonnes of jute a year to car brands through other big exporters.

He purchases jute mainly from Shariatpur and Faridpur in bulk and processes them in his factory as per the car brands' requirements.

The prices of jute vary with the quality of the fibre, he said, adding that he mainly exports jute to Korea and Japan.

Like Bulbul, 10 other small traders supply jute to the car brands like BMW, Mercedes-Benz, Toyota, Renault, Mitsubishi, Volvo, Audi, Daimler Chrysler and Ford.

Recently in a keynote presentation at the Dhaka Chamber of Commerce and Industry, Rashedul Karim Munna, managing director of Creation Private, said the use of the natural jute fibre from Bangladesh by global car brands helped in diversification of jute products.

As a result, Bangladesh has the potential to export jute and jute goods worth $5 billion to $7 billion annually in the next seven years, he said.

ADP outlay to be Tk 178,000cr next fiscal year

FROM PAGE B1

Though there were some problems in the initial stage, the work for these projects has started in full swing.

In the upcoming ADP, the government's own fund may be increased 17 percent to Tk 113,000 crore and foreign fund 27 percent to Tk 65,000 crore.

At pre-budget discussions recently, Finance Minister AMA Muhith said the next fiscal year's budget would be between Tk 460,000 crore and Tk 475,000 crore.

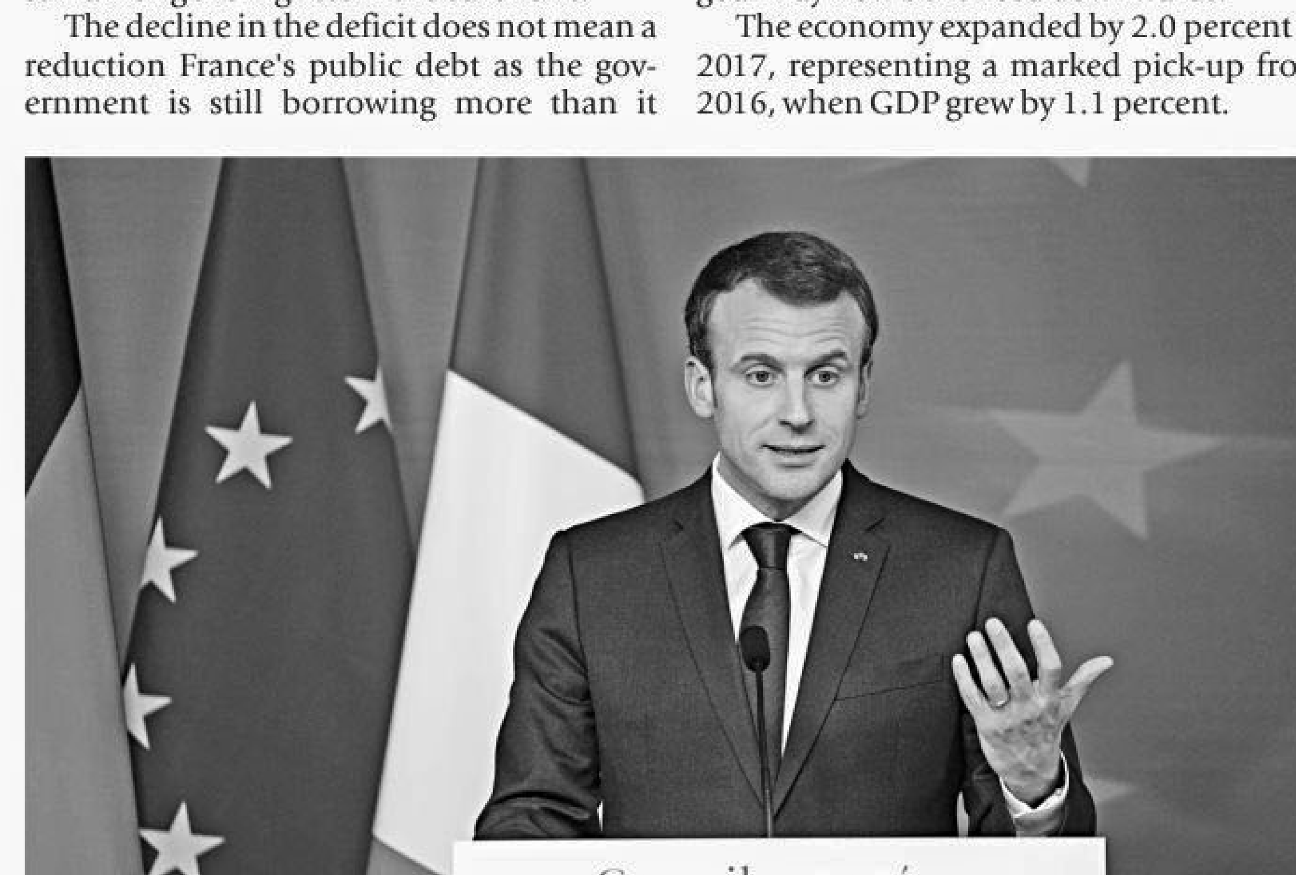
There will not be anything off-kilter in the upcoming budget. "It will be a normal budget as it is the last one before the next national elections," he said.

On March 7 the ADP for the current fiscal year was revised and the government's contribution remained the same at Tk 96,331 crore, but it would go up later.

Emerging from a meeting of the National Economic Council, Planning Minister AHM Mustafa Kamal said some ministries have demanded an increase in allocation.

He said the prime minister has given him the responsibility to weigh the demand for the increased allocation. No ceiling has been set for him and he can raise the amount after looking into the validity of the needs, he said.

Meanwhile, the foreign fund component of the revised ADP has been slashed 8.68 percent, or Tk 4,950 crore, to Tk 52,050 crore.



AFP

France's President Emmanuel Macron speaks during a joint press conference with Germany's Chancellor on the second day of a summit of European Union leaders, in Brussels on March 23.