Bangladesh most optimistic market

HSBC top official tells The Daily Star in an interview

MD FAZLUR RAHMAN

BANGLADESH is the most optimistic market among the 25 countries in which British banking giant HSBC operates in, highlighting its favourable economic and political environment.

"The short-term and long-term outlook of Bangladesh is interesting and fantastic," Natalie Blyth, global head of trade and receivable finance at HSBC, told The Daily Star in an interview last week in Dhaka.

The recent strong performance of the Bangladeshi economy has left local firms in a very optimistic mood, she said quoting a report -- HSBC Navigator, which is based on a survey.

As much as 96 percent of the survey respondents expect Bangladesh's trade volume to increase over the next 12 months.

The favourable economic environment was quoted by over half of the firms as one of the top three factors contributing to trade growth, while a stable political environment is also noted as a key contributing factor.

Businesses need to capitalise on the favourable economic and political outlook by diversifying into new markets and new products.

"Diversification will be key to achieving strong growth over the long-term, with India, Indonesia and China expected to attract double-digit annual growth in services exports from Bangladesh over the years to 2030," she said.

The HSBC Navigator survey is a quantitative indicator of the short-term outlook for global trade, compiled from responses by decision makers at more than 6,000 businesses -- from small and mid-market to large corporations -- in 26 markets.

The report, however, also sounded off caution as Bangladesh has a history of political instability, and the upcoming elections in 2018 may undermine the current level of stability.

Speaking about the global trade scenario, Blyth said trade and trade finance is probably the hottest topic economically and politically.

"In the past, noises about trade wars were largely rhetoric. But now, the rhetoric is turning into actions."

Some of the actions are quite constructive because existing trade agreements such as the North American Free Trade Agreement (Nafta) are not fit for the current times as they were formulated a long time ago and does not cover services and digital matters, Blyth said.

"So, these agreements are ready for an upgrade. In a way I am very excited as these are going to be renegotiated because it is an opportunity for them to be encompassing just more than goods."

The service sector is the fastest growing component of trade, she said.

As Bangladesh is perhaps ready to take on its next form of diversification, these trade negotiations and trade war discussions also encourage clients to review their options, she said.

Trade has reached a degree of maturity and complexity in the supply chain and people are doing more intra-regional trade.

"Therefore, I think there is a great opportunity for Bangladesh to actually look at what their options are if it moves towards Asia."

Blyth particularly praised Bangladesh for making tangible progress as part of its journey to becoming a middle-income economy.

"It is not easy to do as countries around the world have failed to get out of the lower-income trap."

Bangladesh must ensure that its policies are clear and transparent enough to spur growth, she said, while calling for putting the right physical infrastructure in place to make the most of capacity, capability and skill-sets of the country.

Natalie Blyth

According to Blyth, HSBC has an exciting partnership with Bangladesh.

The bank is looking at making some substantial investment in trade business in Bangladesh in order to create products and services for clients in the country, she said.

"There is huge potential in the garment sector and in other sectors as well. So, I am excited and we definitely want to be part of the journey. If any of the clients decides to move overseas as part of the diversification, that's where we are good at too."

HSBC's global network, product coverage and balance sheet strength make it uniquely positioned to help Bangladeshi companies. "It enables us to be at both ends of the import/export trade by bringing in greater efficiencies to the working capital cycle."

Over the past five years, HSBC Bangladesh has arranged $200 million of export credit agency-backed financing in the private sector, creating a gateway to the international debt market for local conglomerates.

"Not only are we helping Bangladesh's businesses and entrepreneurs to capture global opportunities, we are also helping global players take advantage of the Bangladesh opportunity."

HSBC is the only bank in Bangladesh with offices in all the export processing zones, facilitating about 10 percent of the country's international trade. Last year, it helped customers trade with more than 100 countries.

In the power sector, the bank has supported installation of new 1.3-gigawatt of power generating plants, which is about 11 percent the country's present power generation capacity.

HSBC is also supporting the country's first cross-border electricity import of 250MW from India.

In the telecom sector, it arranged €155 million credit to implement the country's first satellite project, the Bangabandhu-1.

"The difference that we can make and how we can offer something different compared to local banks and other international banks has just been demonstrated by the launch of the satellite," she added.

This is a classic example of how an international bank can help implement a national project, said Md Mahbub-ur Rahman, deputy chief executive officer of HSBC Bangladesh.

Muhammad Shohiduzzaman, HSBC's country head of global trade and receivables finance, talked about the short-term outlook on Bangladesh as stated in the survey report.

He said China and India -- already the largest trade partners for Bangladeshi firms -- are viewed as having the best opportunities for export growth over the next year, with over 50 percent of respondents looking to expand operations in the markets.

Although Bangladesh's export mix is currently dominated by the large textiles industry, there are encouraging signs that firms are seeking to diversify into new markets and new products.

"Broadening the export mix will be vital to mitigate risks around an over-reliance on one sector and ensure a more sustainable growth trajectory," Shohiduzzaman added.

Japan to open door to unskilled workers

REUTERS, *Tokyo*

Japan plans to ease restrictions on unskilled foreign workers in five sectors hit hard by labour shortfalls, the Nikkei business daily said on Wednesday, as the country confronts the challenges of a shrinking and ageing population.

The government hopes to attract more than 500,000 foreign labourers to nursing, shipbuilding, lodging as well as construction and agricultural industries by around 2025, the newspaper said.

Prospective foreign workers in those sectors can acquire work permits for up to five years by passing occupational and Japanese language tests starting next April, in which they will be required to demonstrate they are capable of understanding slow conversations and conducting basic tasks, the paper said.

A strengthening economy since Prime Minister Shinzo Abe took office in 2012, rebuilding after the 2011 tsunami, a construction boom ahead of the 2020 Tokyo Olympics and a shrinking and ageing population have aggravated Japan's labour shortage.

A ban on unskilled foreign workers has raised concerns the labour crunch would cap economic growth in the world's third-largest economy.

The government also plans to allow those in the country's "trainee" programme, designed to share technology with developing countries, to remain in Japan after the completion of the programme and work for a maximum of five years, the Nikkei said.

Asked about the report, Chief Cabinet Secretary Yoshihide Suga told a regular news conference the government was looking at new ways to attract foreign workers, but that they would not be targetted at unskilled workers.

"We are making consideration so that basic policy direction on a new framework to allow in foreigners with a certain level of specialty and skills will be reflected in the economic policy guidelines," Suga said.

"But this is not a step to allow in so-called unskilled workers." The economic policy guidelines are scheduled to be compiled in June.

Malaysia tries crowdfunding to plug ballooning debts

REUTERS, *Kuala Lumpur*

MALAYSIA has set up a fund for members of the public to donate cash to help the new government repay its hefty national debt, the finance ministry said on Wednesday, providing a bank account number for deposits.

REUTERS/FILE

A supporter wearing a t-shirt showing Malaysian politician Anwar Ibrahim and Prime Minister Mahathir Mohamad is seen in Kuala Lumpur.

Prime Minister Mahathir Mohamad has made it a priority to cut Malaysia's debts and liabilities - estimated at 1 trillion ringgit ($250.8 billion) or 80 percent of GDP - since he mounted a surprise win over scandal-plagued Najib Razak in a May 9 general election.

The move comes after a private fundraising initiative 'Please Help Malaysia!' received more than $3,500 of donations on website GoGetFunding in a campaign to help the Southeast Asian country reduce debt.

"Due to the recent economic development and the growing concern among the rakyat (people) on the country's current debt position, there are signs of awareness from the rakyat to lend their support to the government," the finance ministry said in a statement.

"The rakyat voluntarily want to share their earnings with the government to help ease the burden."

The ministry said the fund would be called Malaysia Hope Fund and provided the name of a local bank and an account number for contributions which it said must be made in cash denominated in the local currency.

While Mahathir's government has made it a priority to get a handle on debts - pledging to review mega projects, axe some government agencies and cut ministers' salaries - it is also withdrawing a goods and services tax this week which will hurt government revenues.

China slams surprise US trade announcement

REUTERS, *Shanghai/Beijing*

CHINA on Wednesday lashed out at Washington's unexpected statement that it will press ahead with tariffs and restrictions on investments by Chinese companies, saying Beijing was ready to fight back if Washington was looking to ignite a trade war.

The United States said on Tuesday that it still held the threat of imposing tariffs on $50 billion of imports from China and would use it unless Beijing addressed the issue of theft of American intellectual property.

The declaration came after the two sides had agreed earlier this month to look at steps to narrow China's $375 billion trade surplus with America, and days ahead of a visit to Beijing by US Commerce Secretary Wilbur Ross for further negotiations.

William Zarit, chairman of the American Chamber of Commerce in China, said Washington's threat of tariffs appeared to have been "somewhat effective" thus far.

"I don't think it is only a tactic, personally," he told reporters on Wednesday, adding that the group does not view tariffs as the best way to address the trade frictions.

"The thinking became that if the US doesn't have any leverage and there is no pressure on our Chinese friends, then we will not have serious negotiations."

China's Commerce Ministry reacted swiftly overnight with a short statement, saying it was surprised and saw it as contrary to the consensus both sides had reached recently.

The Global Times said the United States was suffering from a "delusion" and warned that the "trade renege could leave Washington dancing with itself".

The widely read tabloid is run by the Communist Party's official People's Daily, although its stance does not necessarily reflect Chinese government policy.

"The Chinese government will have the necessary measures in place to deal with a US withdrawal from any settled agreement. If the US wants to play games, then China would be more than willing to play along and do so until the very end," it said.

REUTERS/FILE

US President Donald Trump, *right*, and China's President Xi Jinping.

Fears of a trade war between the world's two biggest economies had also receded after the administration of President Donald Trump said it had reached a deal that would put ZTE Corp back in business after banning China's second-biggest telecoms equipment maker from buying US technology parts.

Still hanging in the balance, however, is San Diego-based Qualcomm Inc's proposal to acquire NXP Semiconductors NV - a $44 billion deal that requires clearance from China's antitrust regulators. The recent easing in tensions had fueled optimism that an agreement was imminent.

"On hold now," a person familiar with Qualcomm's talks with the Chinese government said on Wednesday, declining to be identified as the negotiations are confidential.

"Trump is crazy. Crazy tactics might work, though," the person added.

State news agency Xinhua said China hoped that the United States would not act impulsively but stood ready to fight to protect its own interests.

"China's attitude, as always, is: we do not want to fight, but we are also not afraid to fight," it said in a commentary.

"China will continue to hold pragmatic consultations with the United States' delegation and hope that the United States will act in accordance with the spirit of the joint statement."

Commerce Secretary Ross is scheduled to visit Beijing from June 2 to June 4 to try and get China to agree to firm numbers for additional US exports to the country.

The deal to reduce China's trade surplus with the US was separate from the US probe into China's alleged theft of intellectual property.

A White House official said on Tuesday that the US government plans to shorten the length of visas issued to some Chinese citizens as part of a strategy to prevent intellectual property theft by US rivals.

Citing a document issued by the Trump administration in December, the official said the US government would consider restrictions on visas for science and technology students from some countries.

The China Daily newspaper said the repeated US claim that Beijing had forced foreign firms to transfer their technologies to Chinese businesses was without evidence and was being used as an excuse to facilitate its trade protectionism.

It said technology transfers between US companies and their Chinese partners were the result of normal business practices, not coercive policies.

Thailand is new dumping ground for world's high-tech trash

REUTERS, *Bangkok*

THAILAND is a new dumping ground for scrap electronics from around the world, say police and environmentalists, the latest country to feel the impact of China's crackdown on imports of high-tech trash.

Police at Laem Chabang port, south of Bangkok, showed on Tuesday seven shipping containers each packed with about 22 tonnes of discarded electronics, including crushed game consoles, computer boards and bags of scrap materials.

Electronic refuse, or e-waste, is turning up from Hong Kong, Singapore and Japan, police said, some of it imported by companies without the required permits.

"This ... shows that electronic waste from every corner of the world is flowing into Thailand," Deputy Police Chief Wirachai Songmetta said as he showed the containers to the media. While "e-waste" — defined as any device with an electric cord or battery - can be "mined" for valuable metals such as gold, silver and copper, it can include hazardous material such as lead, mercury and cadmium.

Police said they filed charges against three recycling and waste processing companies in Thailand. Anyone found guilty could be jailed for up to 10 years.

"The companies that we have filed charges against don't have a quota to import even a single ton of electronic waste," Wirachai said.

China imposed a ban on overseas trash last year, telling the World Trade Organization (WTO) that it would stop accepting imports on 24 types of foreign waste, leading some to fear that the waste could end up in neighbouring countries.

The ban has upended the world's waste handling supply chain and caused massive pile-ups of trash from Asia to Europe, as exporters struggled to find new buyers for the garbage.

According to estimates in China's state media last year, more than 70 percent of the world's 500 million tonnes of electronic waste entered China in 2016.

Environmentalists say waste once destined for China is being re-routed to Southeast Asia, and new laws are needed or existing laws better enforced to prevent illegal imports.

"Especially after China's ban, Thailand could become one of the biggest dumping grounds for e-waste," said Penchom Saetang, director of Ecological Alert and Recovery Thailand (EARTH).