

Locally assembled Samsung handsets bearing fruit

Customers get 15pc price benefit, said a top official

MUHAMMAD ZAHIDUL ISLAM

THE local assembly of handsets by Samsung is already bearing fruit as their quality in some cases is better than the imported ones and the prices are also low, said Muyeedur Rahman, head of mobile at Samsung Mobile Bangladesh.

In an interview with The Daily Star recently, he said the leading global handset brand was passing a 15-percent price benefit to customers for the models assembled at the plant in Narsingdi.

Samsung set up the plant with local partner Fair Group last year, buoyed by the government's tax benefit extended to the firms that would assemble mobile phone devices locally.

The tax on the imported mobile phones is more than 32 percent and on the assembled ones is about 18 percent.

"For Samsung, in any given mobile device, the defect ratio is very less and compared with imported handsets, locally assembled devices' defect ratio is 50 percent less, which is quite surprising to us as well," said Rahman.

"And we are very proud of it," he added.

Rahman said they were so confident about their local partner's plant that they were offering customers 120 days' replacement warranty on different devices assembled there.

He, however, raised concerns over the overall frequency of illegal imports of handsets to the country.

The country's handset market size is more than Tk 10,000 crore, and illegally imported handsets account for 30 percent of the sum, he said.

The country is losing Tk 800 crore to Tk 1,000 crore in revenue every year because of the illegal imports.

For some brands, in some cases, imports through unauthorised channel are more than 30 percent of what is available in the market and for Samsung it is more than 40 percent, Rahman added.

And due to the unauthorised import, Samsung cannot access the full potential



Muyeedur Rahman

of their assembling plant, he said.

The quality of the illegally imported handsets is not up to the mark, so they can't deliver quality service and even could be a health hazard to customers, according to Rahman.

Samsung is the market leader for smartphones in the country in terms of value, according to the Bangladesh Mobile Phone Importers Association, and has maintained the position for the last couple of years.

The company retained Bangladesh Brand Forum's Best Brand Award in the handset category for 2018.

"This also shows our position and acceptance among customers," said Rahman.

"From the market leader point of view, we also have a responsibility to maintain the position and enhance our market share."

The company also pointed out that their main aim is to facilitate the government's goal of ensuring digitalisation with the help of smart handsets.

He also talked about a number of issues in the telecom sector.

Though one year had passed since 4G was launched, feature phones still dominated the market while the smartphone's market share was only about 30 percent, prompting Samsung to concentrate on changing the scenario.

He said the handset industry did not get expected business from the market, especially that from 4G, as there were challenges on the network rollout from the mobile operator's part and that might be a reason for the negative growth of smartphones in 2018.

"Here our target will be to present our Samsung smart devices to consumers more and more. To ensure that goal we are also working on the affordability of customers."

Rahman said they wanted to synchronise Samsung with the local culture and lifestyle and it is the main target of the company for 2019.

The local smartphone market is mainly driven by replacements where the same old customers change phones or brands.

Besides, device vendors can't move to the untapped segment as citizen services

are not being digitalised and smart services are not spreading across the country, he said.

"Digital services like ridesharing and food delivery and e-commerce-based services are mostly city-centric and when these same services spread across the country, new customers will feel the urge to move from feature phones to smartphones," Rahman added.

The telecom regulator introduced a database a couple of months ago which will give a positive impact in the device business segment, he said.

The Bangladesh economy has been growing rapidly for the last one decade and Rahman expects that the economic growth would boost the handset business when illegal imports come to a halt.

In discussing Samsung's business plan, Rahman says the company is seriously mulling to promote its products on online platforms as this segment of market has started to boom.

"We will launch some of our products, especially on online platforms, and in most of the cases we offer discounts for online channels as well," he said.

In most of the developed countries, more than 30 percent handsets are sold online and it has reached double digits even in Bangladesh's neighbouring countries, but for the local market the figure is negligible, Rahman added.

He said an increase in the use of smartphones would definitely have a positive impact on the economic growth.

Rahman expects Bangladesh's mobile device market to be in the list of the top five to six countries of the world in the next five years as he sees enormous opportunities of this market aligned with the economic growth, young generation and digital ecosystem.

Being a global company, Samsung has serious concerns about e-waste and in Bangladesh it is working on it seriously, said Rahman.

Samsung is working with an e-waste management company, preparing plans to collect devices from shopping malls.

China bank provides \$190b for Belt and Road projects

REUTERS, Boao, China

China Development Bank (CDB) has provided financing of over \$190 billion for more than 600 projects of the "Belt and Road" infrastructure plan since 2013, CDB President Zheng Zhijie told the Boao Forum on Wednesday.

As of 2018 end, the CDB's outstanding international businesses in countries along the Belt and Road were \$105.9 billion, accounting for 34 percent of the bank's overall international businesses, Zheng said.

The Belt and Road Initiative (BRI) lies at the heart of China's foreign policy strategy. It was incorporated into the ruling Communist Party constitution in 2017, reflecting President Xi Jinping's desire for China to take a global leadership role.

Renault aims to restart Nissan merger talks

REUTERS

France's Renault SA intends to restart merger talks with Japan's Nissan Motor Co Ltd within 12 months, after which it will set sight on a bid to buy Fiat Chrysler Automobiles NV, the Financial Times reported on Wednesday.

The plans signal a return to the strategies supported by former Nissan boss Carlos Ghosn who held talks about merging Renault with Fiat Chrysler two to three years ago, the report, which cited sources familiar with the matter, said, adding the French government had opposed the move.

Late last year, Ghosn was ousted as Nissan chair and arrested in Tokyo on financial misconduct charges of under-reporting his salary. Ghosn has said the charges were "meritless".

The recent formation of a new alliance board led by Renault Chairman Jean-Dominique Senard has led to an increase in confidence that the two parties can now push ahead with the merger plans, according to the FT report.

Fiat Chrysler is also seeking a partnership or merger and the company is holding talks with rivals for a deal, the report said.

Nissan and Renault are also expected to revamp their boards, with Renault reducing its board's size and Nissan adding majority outside directors, the report added.

Nissan, Fiat Chrysler and Renault declined to comment on the FT report.

End of an era in Indian aviation as Goyal bows out

AFP, Mumbai

JET Airways founder Naresh Goyal rose from humble beginnings to be undisputed king of India's skies. But now, at 69, massive debts have forced him to cede control of the pioneering airline he founded.

Goyal stepped down as Jet chairman Monday and quit its board as part of a rescue plan for the beleaguered carrier, marking the end of an era in Indian aviation.

"For the past 25 years, Jet Airways has been a way of life for me," Goyal said in an email to Jet customers on Tuesday. "I would be lying, if I said this was not an emotional moment for me," he added.

Goyal was born in Punjab state in 1949. His childhood was marked by financial hardship after his jewellery dealer father died young.

The future entrepreneur started his working life by selling tickets in his uncle's travel agency, making just 2,300 rupees a month (\$33.40) in today's money.

There was little to suggest the fame and fortune that would come.

After a stint working as a public relations manager for Iraqi Airways, Goyal worked as a regional manager for Royal Jordanian Airlines and Philippines Airlines in the 1970s. Back then, India had just two airlines; both of them state-owned.

It was the opening up of India's economy in the early 1990s that would change Goyal's life forever.

In 1993 he launched Jet Airways after the Indian government passed a series of reforms designed to make the economy more market-driven.

The Mumbai-based carrier quickly gained a reputation for introducing new initiatives -- Jet was the first Indian airline to offer a frequent flyer programme and in-flight entertainment.

"Goyal did pioneering work in Indian aviation," industry analyst Amrit Pandurangi told AFP.

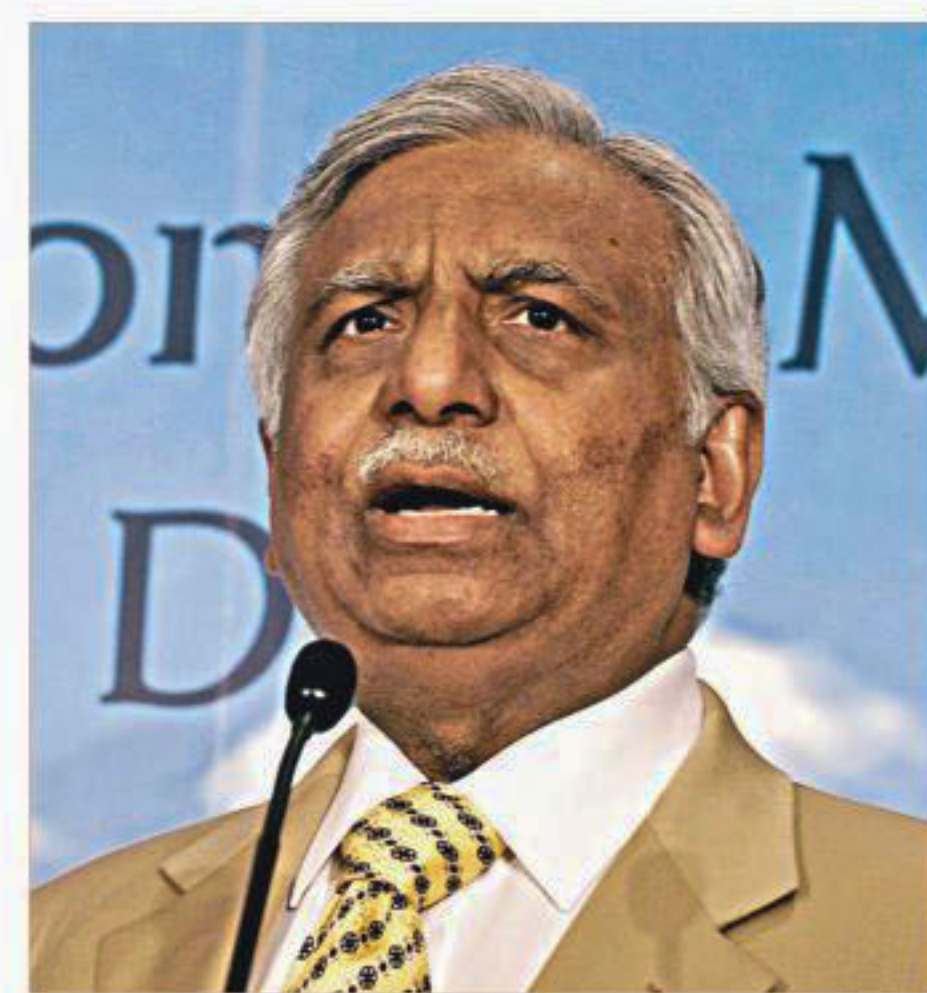
Jet generated big profits and saw soaring passenger numbers as other private carriers, including Damania Airways, East-West Airlines and ModiLuft went bust.

"When competitors were buying older Boeing planes because they were cheaper Goyal bought new ones that were more expensive but cheaper to operate," Devesh Agarwal, editor of the website Bangalore Aviation, told AFP.

important than operational costs, which saved Jet millions of dollars," Agarwal added.

In 2005, Forbes said Goyal was worth almost \$2 billion, making him the 16th richest person in India, but his fortunes were about to take a sharp downturn.

Analysts trace the start of Jet's financial problems to its 2006 purchase of Air



Naresh Goyal

Sahara for \$500 million in cash. Goyal reportedly ignored the advice of associates who said the cost was too much.

The budget carrier was rebranded "JetLite" but it haemorrhaged money and in 2015 Jet wrote off its entire investment.

By then Jet had already been rescued by Abu Dhabi-based Etihad with a \$600-million capital investment as it took a battering from new, well-run budget airlines including IndiGo, GoAir and SpiceJet.

"When low-cost airlines became the norm Jet continued to operate on a full-service line. Unfortunately towards the end Goyal could not keep up with a significantly changing aviation sector and business environment," said Pandurangi.

Jet has also been hit by fluctuating global crude prices and a weak rupee. It has debts of more than \$1 billion and has failed to pay staff on time for several months.

In February, it secured a \$1.19 billion bailout from lenders including State Bank of India to bridge a funding gap.

But the crisis further deepened due to a stalemate in talks between Goyal and lenders, including major stakeholder Etihad.

Google launches global council to advise on AI and tech ethics

REUTERS, San Francisco

ALPHABET Inc's Google said on Tuesday it was launching a global advisory council to consider ethical issues around artificial intelligence and other emerging technologies.

The council, which is slated to publish a report at the end of 2019, includes technology experts, digital ethicists, and people with public policy backgrounds, Kent Walker, Google's senior vice president for global affairs, said at a Massachusetts Institute of Technology conference.

The group is meant to provide recommendations for Google and other companies and researchers working in areas such as facial recognition software, a form of automation that has prompted concerns about racial bias and other limitations.

"We want to have the most informed and thoughtful conversations we can," Walker said on stage at the MIT Technology Review event in San Francisco. "We want to sit down with the



REUTERS/FILE

Workers move a Google logo during the opening of the new Alphabet's Google Berlin office in Germany.

council and see what agenda they want to set."

Google already has its own internal AI principles, which, among other provisions, bars the California-based tech firm from using AI to develop weapons.

The eight-member Advanced Technology External Advisory Council includes Joanna Bryson, an associate professor in computing at the University of Bath; William J. Burns, a former US deputy secretary of state, and

Dyan Gibbens, chief executive of Houston-based drone startup Trumbull, according to a Google blog post.

The council will meet four times, beginning in April, the blog post said.

Brexit turmoil hits UK firms' hiring plans

REUTERS, London

British companies have scaled back sharply their hiring and investment plans amid the growing turmoil around Britain's exit from the European Union, a survey showed on Wednesday.

More firms were downbeat about the outlook for jobs and investment than were optimistic for the first time since the Recruitment and Employment Confederation began its surveys in June 2016, the month of the Brexit referendum.

Nearly three years on, it remains unclear how, when or even if Brexit will happen.

The REC report added to other surveys showing companies feeling the strain of Brexit uncertainty,

even though employment growth has been strong. Wednesday's survey raised questions about the strength of the labour market.

"For months, businesses have told us that they were concerned about the general outlook for the economy. It is clear to us that this concern is now closer to home," REC Chief Executive Neil Carbery said.

While more employers planned to increase rather than cut permanent staff, hiring intentions weakened sharply. For temporary staff, the survey showed outright cuts were likely.

"Lower use of temporary labour is a sign of lower demand," Carbery said. The REC survey of 600 employers took place between Dec. 11 and Feb. 21.



REUTERS/FILE

Anti-Brexit protesters hold flags and placards opposite the Houses of Parliament in London.