Microsoft sets sights on cloud business in Bangladesh

STAR BUSINESS REPORT

MICROSOFT is targeting to get huge business through its cloud solution segment in Bangladesh, especially from the private sector, as the country has been advancing digitally for the last few years.

The global software giant has been doing business in the cloud segment in the country since 2016 and has attached more importance to it recently, said Sonia Bashir Kabir, managing director for Microsoft Bangladesh, Myanmar, Nepal, Bhutan and Laos.

She was speaking to The Daily Star on the sidelines of the Microsoft Cloud Innovation Summit at the Bangabandhu International Conference Center in Dhaka.

"We are seeing huge business prospects in Bangladesh as there are 16 crore people in the country and they are generating huge data," Kabir said.

"Data is the currency and in order to capture the business, Microsoft is offering intelligent solutions." As there are restrictions from the government on hosting government data outside of the country, Microsoft is concentrating only on the private sector, she said.

At the summit, there were two sessions: one on the manufacturing sector and the other on the financial services industry of Bangladesh, according to a statement.

Experts and top officials of Microsoft said cloud is the ultimate solution to making business more productive and customer-friendly while empowering organisations' employees.

They discussed ways of business transformation using Microsoft's distinct cloud solutions: Microsoft 365, Dynamics 365, and Microsoft Azure.

More than 350 participants, including developers, business and tech leaders from manufacturing and financial services industries, local Microsoft partners, along with the leaders and cloud experts from Microsoft Asia and the Pacific took part in the event. Sook Hoon Cheah, president of Microsoft South East Asia New Markets (SEANM), said their mission is to empower every person and every organisation on the planet to achieve more.

"Technology is an equalizer that breaks barriers and inclusively empowers people and organisations. At Microsoft, we live our mission by making our enterprise-grade technologies and solutions accessible to anyone." Zaid Alkadhi, chief marketing and operations leader at Microsoft SEANM, and Dzahar Mansor, national technology officer of Microsoft Malaysia, spoke on the occasion.

The summit also featured an exposition zone with participation of Microsoft partners: AAMRA Technologies, Corporate Projukti Ltd, eGeneration Ltd, Bangladesh Export Import Company Ltd (IT Division), and Toggi Services Ltd.

MICROSOFT

Sook Hoon Cheah, president of Microsoft South East Asia New Markets, speaks at a session at Microsoft Cloud Innovation Summit at Bangabandhu International Conference Center in Dhaka yesterday.

Euro zone loan growth lets up pace in March

AFP, Frankfurt

The pace of growth in lending to eurozone households and businesses fell back in March, European Central Bank data showed Monday, in a fresh pointer towards slowing growth across Europe.

Overall growth in loans to the private sector inched down to 3.1 percent year-on-year, from 3.2 percent in February, the figures adjusted for some purely financial transactions showed.

Looking in more detail, credit growth to households also slowed by just 0.1 percentage points, to 3.2 percent.

But there was a sharper impact on expansion in lending to non-financial firms, which fell back 0.3 points to 3.5 percent.

The eurozone economy has been weighed down in recent months by uncertainty over multiple risks to the economic outlook, including a trade confrontation with US President Donald Trump's White House and Brexit.

Also sapping confidence has been weaker global trade, in part down to softer performance in important emerging market economies like China -- usually major consumers of European exports.

The gloom has prompted international organisations and the ECB to downgrade growth forecasts for the 19-nation eurozone, with most expecting little more than 1.0 percent expansion this year. "Risks surrounding the euro area growth outlook remain tilted to the downside," central bank chief Mario Draghi said earlier this month.

In December the ECB ended mass bond purchases designed to prop up growth by pumping cash through the financial system, but has held interest rates at historic lows and continues to reinvest the proceeds from the "quantitative easing" scheme.

China's BRI should be positive for commodities, but evidence is elusive

REUTERS

Chinese President Xi Jinping meets United Nations Secretary-General Antonio Guterres during the Second Belt and Road Forum at the Great Hall of the People in Beijing on April 26.

REUTERS, Launceston

CHINA'S ambitious Belt and Road Initiative (BRI) is one of those vast programmes that should be positive for global commodities, but finding any concrete proof of increased demand is proving far more elusive.

Last week's BRI summit saw Chinese President Xi Jinping touting $64 billion in new deals for the plan to develop transport and infrastructure projects linking Asia, Africa and Europe.

But questions still remain as to whether the BRI is much more than a publicity campaign designed as part of Beijing's efforts to grow its diplomatic and economic clout, or whether it is indeed going to result in a swathe of investment that could eventually top out at more than $1 trillion.

Certainly, Xi didn't supply any details of the $64 billion in new deals, and estimates vary widely on how much money has actually been spent since the launch of BRI in 2013.

Perhaps one way of looking at the impact of BRI on commodities is to examine China's imports of raw materials and exports of capital and steel.

If China was really ramping up its spending on BRI projects, it would be logical to expect to see outbound investment increasing as well.

But the official data shows the trend going the wrong way, with 2018 outbound investment falling to $129 billion, a drop of 18 percent from $158 billion in 2017, and some 34 percent below the all-time high of $196 billion in 2016.

However, what does seem apparent is that China's overseas investment is switching more toward BRI countries and away from developed nations in Europe and North America.

Investment in 65 countries identified as being part of the BRI increased 8 percent in 2018 from a year earlier to 21.6 percent of the total.

A report from China's National Information Centre last year showed the top five countries for BRI investment were Russia, Kazakhstan, Pakistan, South Korea and Vietnam.

It's also worth looking at China's exports of steel products, which would also expect to be benefiting from BRI projects, as China would be tempted to use up spare capacity in its own industries in order to build infrastructure projects in BRI countries.

However, steel exports have also been trending lower, slipping to 69.5 million tonnes in 2018, the lowest in five years and down from 75.6 million tonnes a year earlier.

It's worth noting that several countries have imposed tariffs on imports of Chinese steel, and this has likely crimped exports.

However, steel exports aren't exactly pointing to a surge in export-led infrastructure spending by China.

Neither are imports of major commodities, with steel-making ingredient iron ore peaking at 1.075 billion tonnes in 2017, before slipping to 1.065 billion last year, according to customs data.

China is the world's largest coal importer, and again the evidence is mixed, with imports rising slightly in 2018 to 280.8 million tonnes from 271.1 million in 2017, but still well off the record 327.2 million in 2013.

Chinese authorities have indicated that they don't want coal imports to rise above current levels as part of efforts to protect the domestic industry and limit the use of the polluting fuel.

While growth in crude oil imports has been strong, this is likely more a reflection of increased domestic demand, building up strategic inventories, and rising exports of refined fuels.

Trade talks reach endgame

US-China ties could hinge on enforcement

REUTERS, Beijing

US negotiators head to China on Tuesday to try to hammer out details to end the two countries' trade war, including the shape of an enforcement mechanism, the success or failure of which could set the trajectory of ties for years to come.

US Trade Representative Robert Lighthizer and Treasury Secretary Steven Mnuchin will travel to Beijing for talks beginning on April 30, followed by a visit by Chinese Vice Premier Liu He to Washington for more discussions starting on May 8.

Both sides have cited progress on issues including intellectual property and forced technology transfer to help end a conflict marked by tit-for-tat tariffs that have cost the world's two largest economies billions of dollars, disrupted supply chains and rattled financial markets.

Those issues are still on the table, according to the White House, but US officials say privately that an enforcement mechanism for a deal and timelines for lifting tariffs are sticking points.

Agreeing to a way to enforce a deal is one thing. Ensuring it holds up under ties strained by growing mistrust and geopolitical tensions will be another, say watchers of the relationship.

"An effective enforcement mechanism will define the deal," Tim Stratford, chairman of the American Chamber of Commerce in China (AmCham), told Reuters.

"The deal doesn't need to revamp China's economy. But it does need to provide a new methodology for dealing with our differences," said Stratford, a lawyer and former assistant US Trade Representative who has worked in China for more than three decades.

"This is incredibly high stakes. We have a particular window of opportunity, and a lot in the future of US-China relations rests on this," he said.

Earlier this month, Mnuchin said the two sides had agreed on establishing new "enforcement offices" to police an agreement, although he did not give specifics. On Sunday, he told the New York Times talks are entering a critical point: "We're getting into the final laps."

US President Donald Trump said on April 4 that the two sides could have a deal worked out in about four weeks. On Thursday, he said he would soon host Chinese President Xi Jinping at the White House - a meeting seen as needed to cement an agreement.

Though a final date for a deal - if there is one - remains unclear, talks have brought China and the United States to a crossroads in their fraught relationship.

China has long defined commerce as the ballast in the relationship.

Now, some warn that the two are teetering toward a new type of "Cold War", as Beijing asserts its growing military strength in Asia and Washington ramps up scrutiny of Chinese tech companies and cracks down on Chinese espionage and influence campaigns at US institutions and universities.

Beijing sees US actions as efforts to contain its development.

But years of only piecemeal economic reforms in China and continued industrial policies that US companies complain have eroded their competitive edge have weakened key US business sector support for China. AmCham said this month that US businesses could no longer be counted on as a "positive anchor" in bilateral relations.

And US officials, chagrined by what they say have been years of Chinese stalling tactics in annual economic dialogues, have been adamant that a trade deal must have teeth.

Lighthizer has suggested that some form of the tariffs Trump imposed last year on Chinese goods as leverage in the dispute should hang over a deal to ensure compliance.

Any such a mechanism would be fragile, trade experts said.

For one, it would mean continued uncertainty for already trade war-weary businesses and markets.

They also say China's record of exploiting loopholes at the World Trade Organization suggests it will look aggressively for new areas where it can say the United States isn't living up to its pledges. If Washington re-establishes tariffs weeks or months down the road, it could lead to retaliation and the collapse of the deal.

In such a case, the two sides would find themselves back at square one, this time without negotiations as a viable way to deescalate disputes.

Because of this, one American trade consultant said: "It takes great imagination and optimism to think we can come up with an effective enforcement mechanism beyond the short term."

Another source with knowledge of the trade talks argued that if the United States triggered the mechanism, Beijing would be unlikely to "come back to the table with this president", referring to Trump.

"As long as there is a mechanism of tariffs hanging over the deal, it won't be durable," the source said.

Trade advisers in China appear more confident that an agreement would not fall apart quickly because both sides need it politically, particularly Trump, who is seen in China as eager for a détente as the 2020 US presidential election approaches.

Wang Dong, an expert on China-US relations at Peking University, said it would be politically difficult for both sides to return to talks in the wake of a collapsed deal.

"I'm not saying China will end altogether future talks with the Trump administration. But it would take time to build momentum again, to say the least," Wang said.

REUTERS/FILE

China's Vice Premier Liu He (C) poses for a photo with US Treasury Secretary Steven Mnuchin (R) and US Trade Representative Robert Lighthizer in Beijing last month.

EU launches billion-euro loan plan for young farmers

AFP, Brussels

The European Union on Monday launched a plan to give up to one billion euros in cheaper loans to young farmers, who are often turned away by banks.

The European Commission, the EU'S executive arm, and the European Investment Bank want banks to match the loans, bringing the total to two billion euros ($2.2 billion).

"Access to finance is crucial and too often an obstacle for young people wanting to join the profession," Agriculture Commissioner Phil Hogan said.

"With 11 percent of European farmers under the age of 40 years old, supporting young farmers in the sector is a priority for the European Commission."

Banks rejected 27 percent of the loan applications submitted by young EU farmers in 2017, compared to only nine percent for older applicants.

Those under 40 years old accounted for 11 percent of the EU's 10.3 million farmers in 2016, while the over 65s represented 32 percent, according to Eurostat.

Young farmers are especially rare in Cyprus (3.3 percent), in Portugal (4.2 percent) and in the United Kingdom (5.3 percent).

They are better represented in Austria (22.2 percent), in Poland (20.3 percent) and in Slovakia (19 percent).

The EU's 28 countries will offer young farmers lower interest rates, a five-year moratorium on repayments and then up to 15 years to pay back the whole loan.

World's largest bank posts 4.1pc Q1 profit rise

REUTERS, Singapore/Beijing

Industrial and Commercial Bank of China Ltd (ICBC), the world's biggest commercial lender by assets, posted a 4.1 percent rise in profit for the three months ended March, its fastest growth for the period since 2014.

Profit was 82.01 billion yuan ($12.18 billion) for the first quarter, compared with 78.80 billion yuan in the same period a year earlier, the bank said in a filing on Monday.

That compared with an average projection for a 4.3 percent growth, two brokerage estimates compiled by Reuters show. The results from China's biggest commercial lender indicate early signs of profit and asset-quality recovery amid optimism the world's No.2 economy may be starting to stabilise after Beijing ramped up fiscal stimulus this year.

ICBC's non-performing loan (NPL) ratio was 1.51 percent at end-March, versus 1.52 percent at the end of December. Total bad loans at the bank was 240.28 billion yuan at end-March, compared with 235.08 billion yuan at end-2018.

Its net interest margin (NIM) - the difference between interest paid and earned and a key gauge for profitability - was 2.31 percent at end-March, versus 2.30 percent at end-2018.