Homegrown innovation key to digital boom

Flipkart's former CTO Ravi Garikipati says

MUHAMMAD ZAHIDUL ISLAM

Solving local problems using homegrown innovations will be key to pulling off major business successes in the digital industry, said a top e-commerce expert in the region.

"Companies will have to focus on localising innovations. Only then they can go beyond their expectations," said Ravi Garikipati, the immediate past chief technology officer of India's e-commerce unicorn Flipkart.

He says companies need to have deeper understanding of their customer base and in this case the keys would be localising innovation.

"Copying past services will not help companies grow and get enough business," Garikipati told The Daily Star in an interview in Dhaka recently.

Garikipati, a technologist and entrepreneur with extensive experience of starting innovative companies in Silicon Valley and India, recently joined one of Bangladesh's fastest growing technology startup, Shohoz.

He recently visited Dhaka to join an interactive session with local technology entrepreneurs and IT professionals, where he was introduced as the board director of Shohoz.

Garikipati said Bangladesh was moving forward to create a digital ecosystem and the digital business has started flourishing.

Bangladesh has a lot of potential and the investor community is also looking at it as a very important market, he said.

While at Flipkart, Garikipati shaped and executed the technology vision of the company, scaling up e-commerce across India. He also founded and led Flipkart's fin-tech vertical with a mission to drive financial inclusion through data and technology.

Walmart has recently acquired 77 percent share of Bengaluru-based Flipkart, India's largest e-commerce unicorn with a current valuation of $22 billion.

Garikipati has vast experience of working with the information communication technology industry for the last three decades and had worked at IBM and Oracle for more than a decade.

Ravi Garikipati

He says adoption of and understanding the digital ecosystem would be much stronger in the coming days and a lot of investment would be required. And this will help both the public and private sectors.

"The penetration of 4G and smartphone with reliable internet is also necessary." He also touched upon data privacy.

"Data privacy and policy needs to become stronger and consumer-friendly and certain transparency needs to be ensured."

"Companies will have to take the responsibility to protect users' data from vulnerabilities such as hacking. That's why companies are investing a lot of time and efforts in protecting users' data."

About joining Shohoz, Garikipati says Bangladesh was currently enjoying demographic dividend and the youth were very entrepreneurial.

The government of Bangladesh understands the importance of digital business and steps it took in this regard has led to more and more public and private sector entities engaging in collaborations.

"I see the entire Bangladesh is waking up."

Garikipati says a significant portion of Bangladesh's population was connected to the internet and using smartphones. "This is a very powerful strength of the market."

He says the government should be proactive instead of being reactive and regulators should not regulate the industry with a blind eye.

About the potential of Shohoz's ride-sharing business, Garikipati says definitely the ride-hailing service has a bright future.

On the potential of food delivery business, he says the city was very populous and there was immense traffic congestion. In the busy city life, people do not have enough time to spend in kitchens.

"So, there is scope for this type of business to thrive in Bangladesh, like it happened in India."

Garikipati suggested young entrepreneurs focus on the digital ecosystem to get business success.

"The service level needs to be at much higher level and with the right ecosystem they need to create a strong service delivery channel."

He solicited partnerships between digital business entrepreneurs and broadband companies to pull off a business success.

According to Garikipati, access to capital was not a problem to make a digital business venture successful and young people have the drive to come up with very unique problem-solving solutions.

"Some of the young entrepreneurs have that aspiration and other stuffs, but they need more mentorship and experience to make their idea a successful business case."

Croatia court puts biggest shipyard in bankruptcy

AFP, *Zagreb*

Croatia's largest and oldest shipyard was placed in bankruptcy by a court on Monday after a long-running debt crisis, state news agency Hina reported.

The dock in Pula, which lies on Croatia's northern Adriatic coast, is one of two yards owned by the troubled Uljanik firm, whose workers have been holding regular strikes over unpaid wages for much of the past year.

After several efforts to save the company, which is 25 percent state-owned, Croatia's government pulled its support for a restructuring plan in March which it said was too costly.

"The state has obviously decided to abandon Uljanik, which has existed for 163 years," Boris Cerovac, a union leader, was quoted as saying by Hina after the court decision.

The move has effectively "shut down shipbuilding in Croatia," he added.

Before the recent debt crisis Uljanik employed around 4,000 people across its two docks, Pula and 3. Maj in Rijeka, which is also under review by courts for bankruptcy.

The group was a core player in Croatia's once prosperous shipbuilding industry, which used to be among the top global competitors during its heyday in the 1980s.

The sector has floundered in recent decades, dragged down by a difficult transition to a market economy, poor management and outdated technology as it struggles to compete with firms in Asia.

Restructuring of Croatia's shipbuilding sector was a key condition for the country's entry into the European Union in 2013.

The country's other two large shipyards -- Brodotrogir and Brodosplit -- were privatised in the process.

Asia's refiners brace for surge in spot oil prices

REUTERS, *Singapore*

ASIAN oil buyers are bracing for surging prices in the spot crude market as global supplies have tightened after stringent US sanctions on producers, disruptions of Russian oil flows in Europe and maintenance at oilfields in the Atlantic Basin and Asia.

Buyers have already paid a premium of $6 a barrel to benchmark Dubai quotes for Russia's Sokol crude for July loading, the highest premium since 2014. The premium for July-loading Oman crude futures to Dubai is at $3.46 a barrel, the most for this time of year in four years.

The surging premiums are the result of the confluence of several factors limiting global supply.

Asian buyers were already competing with US refiners for the same pool of resources after the United States imposed sanctions on supplies from Venezuela, forcing buyers to turn to the Middle East, Africa and Latin America for replacements.

Oman prices are jumping as the US stopped granting waivers to Iranian sanctions that have curtailed exports of the so-called heavy crudes that it produces.

Asia's demand for Russian and Middle Eastern light grades such as Sokol and Murban strengthened after arbitrage supplies from the Atlantic Basin and the United States fell.

Rising domestic demand from refiners has pushed premiums for US crude higher curbing exports.

The contamination of Russian Urals crude on pipelines into Europe and the longer-than-expected closure of the North Sea's Oseberg field have caused benchmark Brent's premium to Dubai to surge above $3 a barrel, making Atlantic Basin oil more expensive for Asian buyers.

Angolan crudes were already selling at all-time high premiums as exports have dropped due to field maintenance while some Nigerian production were under force majeure.

Cargoes of Middle East Murban crude are at premiums of about 75 cents a barrel for July loading, the most since 2015, according to Refinitiv data, while two trade sources said premiums may have risen above $1 a barrel this week.

Refiners are expecting to make up the supply shortfall from Saudi Arabia, though the country is likely to keep its exports below 7 million barrels per day to avoid a price crash like the one at the end of 2018.

Rising prices have pushed up costs for Asian buyers and could weigh on regional refining margins that are at their lowest in five years for this time of year.

"With a tight supply side picture, Saudi Arabia is unlikely to repeat its mistakes from 2018 and with new refineries in the region ramping up, Asian refiners will need to pay up for barrels," said Virendra Chauhan, a Singapore-based oil analyst at consultancy Energy Aspects.

"We have heavy oilfield maintenance in Norway and West Africa across May and June," said Chauhan."All of these factors have been compounded by the Russia contamination issue."

Several European buyers halted oil imports from Russia via the Druzhba pipeline after finding contaminants that could damage refinery equipment.

REUTERS/FILE

A worker prepares to transport oil pipelines to be laid for the Pengerang Gas Pipeline Project in Johor, Malaysia.

LDCs meet over farm, fisheries subsidies

OUR CORRESPONDENT, *New Delhi*

SENIOR trade and commerce ministry officials of developing and least developed countries (LDCs), including Bangladesh, yesterday began a two-day meeting on agriculture and fisheries subsidies and threats facing World Trade Organization's (WTO) multilateral trading system.

The meeting will seek to urgently find a solution to an existing impasse in the WTO Appellate Body and focus on issues of importance and priority for developing countries and LDCs in the WTO reform agenda.

It will also try to find ways to reinvigorate the negotiating agenda on issues of critical importance for developing countries.

Yesterday's discussions among senior officials will be fed at ministerial-level deliberations today when Bangladesh Commerce Minister Tipu Munshi, who arrived here on Sunday, will be present, officials here said.

The meeting is a move by developing countries to positively influence the outcome of the WTO reforms by maintaining development at its core and exploring all means of saving multilateralism.

Trade officials said the meeting would also note that there has been no active engagement or movement on key issues of concerns for developing countries and LDCs in the WTO negotiating agenda.

Agriculture remains a key priority for several member-countries of the WTO representing the developing world but here is a strong push to completely relegate existing mandates and decisions and work done for the past many years to the background, the officials said.

Discipline on fisheries subsidies are currently under negotiation at the WTO with intense engagement to understand the issues and work out a meaningful agreement by December this year.

The decision on fisheries subsidies clearly mandates that there should be an appropriate and effective special and differential treatment for developing countries.

According to the officials, it is important for developing countries and LDCs to collectively work for a fair and equitable agreement on disciplines in fisheries subsidies, which takes into consideration the livelihood needs of their subsistence fishermen and ground realities and protects their policy space to develop capacities for harnessing marine resources.

The New Delhi meeting gives an opportunity to the participating countries of developing a shared WTO reform proposal on issues of priority and interest for developing countries and help in building a common narrative on issues of importance for developing countries and LDCs, they said.

Speaking at the inaugural session, Indian Commerce Secretary Anup Wadhawan said the existential challenges to the multilateral rules-based trading system were manifest in a spate of unilateral measures and counter measures, deadlock in key areas of negotiations and the impasse in the Appellate Body.

Trade officials said the logjam in the WTO Appellate Body poses a serious threat to the dispute settlement mechanism of the WTO and the implementation function of the organisation.

"The fundamentals of the system are being tested through a rising tide of protectionism across the world vitiating the global economic environment which does not bode well for developing countries, including the LDCs," they added.

Trade experts said the harm that the institutional failure due to the collapse of the WTO Appellate Body would cause would be felt more in developing countries including LDCs who need the protection of the rules-based system more than developed countries.

They said reform of the WTO was characterised by a complete lack of balance as the reform agenda being promoted does not address the concerns of developing countries

The New Delhi meeting provides a chance to reaffirm the resolve to keep development at the centre of the WTO reform agenda, the officials said.

They added that the reform initiatives must promote inclusiveness and non-discrimination, build trust and address the inequalities and glaring asymmetries in existing agreements which were against the interest of developing countries including LDCs.

South Korea's latest big export: jobless college graduates

REUTERS, *Seoul*

CHO Min-kyong boasts an engineering degree from one of South Korea's top universities, a school design award and a near-perfect score in her English proficiency test.

But she had all but given up hope of finding a job when all her 10 applications, including one to Hyundai Motor Co, were rejected in 2016.

Help came unexpectedly from neighbouring Japan six months later: Cho got job offers from Nissan Motor Co and two other Japanese companies after a job fair hosted by the South Korean government to match the country's skilled labour with overseas employers.

"It's not that I wasn't good enough. There are just too many job seekers like me, that's why everyone just fails," said the 27-year-old, who now works in Atsugi, an hour southwest of Tokyo, as a car seat engineer for Nissan.

"There are numerous more opportunities outside Korea."

Facing an unprecedented job crunch at home, many young South Koreans are now signing up for government-sponsored programmes designed to find overseas positions for a growing number of jobless college graduates in Asia's fourth largest economy.

State-run programmes such as K-move, rolled out to connect young Koreans to "quality jobs" in 70 countries, found overseas jobs for 5,783 graduates last year, more than triple the number in 2013, its first year.

Almost one-third went to Japan, which is undergoing a historic labour shortage with unemployment at a 26-year low, while a quarter went to the United States, where the jobless rate dropped to the lowest in nearly half a century in April.

There are no strings attached. Unlike similar programmes in places such as Singapore that come with an obligation to return and work for the government for up to six years, attendees of South Korea's programmes are neither required to return, nor work for the state in the future.

"Brain drain isn't the government's immediate worry. Rather, it's more urgent to prevent them from sliding into poverty" even if it means pushing them abroad, said Kim Chul-ju, deputy dean at the Asian Development Bank Institute.

In 2018, South Korea generated the smallest number of jobs since the global financial crisis, only 97,000.

Nearly one in five young Koreans was out of work as of 2013, higher than the average 16 percent among the member countries of the Organization for Economic Cooperation and Development. In March, one in every four Koreans in the 15-29 age group was not employed either by choice or due to the lack of jobs, according to government data.

While India and other countries face similar challenges in creating jobs for skilled labour, the dominance of family-run conglomerates known as chaebol makes South Korea uniquely vulnerable.

The top 10 conglomerates including world-class brands such as Samsung and Hyundai, make up half of South Korea's total market capitalisation.

But only 13 percent of the country's workforce is employed by firms with more than 250 employees, the second lowest after Greece in the OECD, and far below the 47 percent in Japan. "The big companies have mastered a business model to survive without boosting hiring," as labour costs rise and firing legacy workers remains difficult, said Kim So-young, an economics professor at Seoul National University.

Yet while increasing numbers of college graduates are moving overseas for work, South Korea is bringing in more foreigners to solve another labour problem – an acute shortage of blue collar workers.

South Korea has the most highly educated youth in the OECD, with three-quarters of high school students going to college, compared with the average of 44.5 percent.

"South Korea is paying the price for its overprotection of top-tier jobs and education fervour that produced a flood of people wanting only that small number of top jobs," said Ban Ga-woon, a labour market researcher at state-run Korea Research Institute for Vocational Education & Training.

Even amid a glut of over-educated and under-employed graduates, most refuse to "get their hands dirty", says Lim Chae-wook, who manages a factory making cable trays that employs 90 people in Ansan, southwest of Seoul. "Locals simply don't want this job cause they think its degrading, so we're forced to hire a lot of foreign workers," Lim said, pointing to nearly two dozens workers from the Philippines, Vietnam and China working in safety masks behind welding machines.

In the southwestern city of Gwangju, Kim Yong-gu, the chief executive of Kia Motor supplier Hyundai Hitech, says foreign workers are more expensive but he has no choice as he can't find enough locals to fill vacancies.

REUTERS/FILE

A jobseeker looks at a booth during the 2018 Japan Job Fair in Seoul.