Use tech to boost productivity, create jobs

ESCAP Executive Secretary tells The Daily Star

REFAYET ULLAH MIRDHA

MORE application-based startups can be a game changer for creating jobs for the unemployed and educated youth in Bangladesh, according to a top official of the United Nations.

"Technologies and ICT should not be used only for communications. They can be used to boost productivity, mainly for creating jobs for the youth," said Armida Salsiah Alisjahbana, executive secretary of the United Nations Economic and Social Commission for Asia and the Pacific (ESCAP).

Alisjahbana was in Dhaka last week to attend a three-day summit on inclusive financing and sustainable development in the Asia-Pacific region. The International Chamber of Commerce Bangladesh organised it in association with the finance ministry of Bangladesh and ESCAP.

During an interview with The Daily Star, the Indonesia-born UN official touched upon issues ranging from Bangladesh, regional and sub-regional trade to investment, connectivity and employment in the Asia and the Pacific.

She said startups can scale up businesses through apps even in the agriculture sector, but Bangladesh is yet to fully benefit from the use of technologies and apps.

"In Indonesia, the younger generation starts businesses using apps and they are performing well."

Speaking about Bangladesh, she said the country is growing a lot, not just in terms of economic growth, but also in terms of various social indicators, such as social welfare, education, health, and basic services.

"There is a lot of progress," said Alisjahbana, who served as co-chair of the Global Partnership for Effective Development Cooperation from 2012 to 2014 and was a former alternate governor of the World Bank and the Asian Development Bank.

At the same time a lot remains to do, she said.

She said Bangladesh needs to go for planned urbanisation because the population is growing rapidly. This is also needed to save the environment and face the negative impacts of climate change.

She said Bangladesh has a lot of population -- 170 million -- and more importantly they are young.

"The population is an asset because the future of the country lies with the young generation. Bangladesh also needs to prepare through education and proper training, keeping in mind that their jobs in the future are also changing."

Alisjahbana said more population with a handsome amount of income means there is a good domestic market and the market is growing a lot.

"Bangladesh also needs to diversify its exports as too much dependence on one or two products is not wise for any country."

In order to harness more benefit from the potential regional trade blocs, Alisjahbana, a former professor of economics at Universitas Padjadjaran in Bandung, Indonesia, suggested the nations in the Asia and the Pacific region take lessons from the Association of South East Asian Nations (ASEAN).

The ASEAN is a strong platform and is a successful one as more than 60 percent foreign trade takes place between them with duty benefit.

"Taking lessons from the ASEAN, the Asia and the Pacific need to do more home works to remove non-tariff barriers in order to increase regional trade and improve connectivity."

In South Asia, almost all countries, including Bangladesh, India, Nepal and Bhutan are growing economically.

"So, the nations of this sub-region need to harness the regional and sub-regional cooperation by improving trade facilitation and removing tariff and non-tariff barriers."

"The connectivity is very important and the ESCAP is facilitating in connectivity."

In 2016, Alisjahbana was a member of the High Level Independent Team of Advisors to support the ECOSOC Dialogue on the longer-term positioning of the United Nations Development System in the context of the 2030 Agenda on Sustainable Development.

She said Bangladesh needs to be very careful when opening up its markets for other countries, like through signing of free trade agreements as there is a possibility of inflow of cheap goods in the domestic market.

"Cheap goods may enter and the local industries might not grow if Bangladesh is not careful in opening up the domestic market."

"The ideal strategy is: develop goods for the domestic market and serve the international market. This means serving part of the local market and part of the foreign market."

A former national development planning minister, Alisjahbana said follow-up is needed to develop infrastructure in the Asia and the Pacific.

"The map of transnational highway network is there and the cross-border paperless strategies are there, but they need to be operationalised."

"We need to work together. The connections need to be facilitated through joint working groups among the Asia and the Pacific region."

Alisjahbana said the nations should work on how a single permit can allow container trucks to pass through borders in order to cut time and cost.

"Only signing agreements is not enough. The countries need to make agreements effective. The ESCAP can help here," she said.

She said even two to three nations can work together and set a good example for the whole region.

The UN official earned her bachelor degree in economics and development studies from the Universitas Indonesia and a master's degree in economics from Northwestern University and a PhD in economics from the University of Washington, both in the US.

Armida Salsiah Alisjahbana

UK business malaise deepened before election

REUTERS, *London*

BRITISH businesses endured their worst downturn since mid-2016 in the run-up to Prime Minister Boris Johnson's landslide victory in a national election last week, a survey showed on Monday.

The 'flash' early reading of the IHS Markit/CIPS UK Purchasing Managers' Indexes (PMI) for Britain showed on Monday that the decline in both the services and manufacturing sectors has accelerated unexpectedly in December.

The readings suggested the world's fifth-biggest economy is on course to contract in the fourth quarter, survey compiler IHS Markit said, although the PMIs have overstated weakness in previous quarters, partly because of higher government spending before Brexit.

This is also only the second month for which IHS Markit has released flash PMIs for Britain, and November's flash estimates were revised up significantly when final data came out.

Addressing a wilting economy is likely to be among the first items in Johnson's in-tray as he builds his new government, bolstered by a majority of 80 seats in parliament.

"Any positive aspects of the survey came largely from the sentiment indicators, with future expectations rising to the highest since June as firms hope that the election will bring clarity on the outlook and remove some of the uncertainty that has been holding back demand," said IHS Markit chief business economist Chris Williamson.

The composite PMI, which combines the services business activity and services and manufacturing output readings, fell to 48.5 from 49.3, its lowest level since July 2016, just after the Brexit vote.

Readings below 50 denote contraction.

The PMI for the dominant services sector fell to 49.0 in December from 49.3 in November, its lowest level since July 2016. A Reuters poll of economists had pointed to an improved reading of 49.5.

The manufacturing PMI dropped to 47.4 from 48.9 — again weaker than forecast — as a stockpiling drive before the aborted Oct. 31 Brexit deadline evaporated. The survey's gauge of factory output fell to its lowest level since July 2012.

"Manufacturing production is falling at one of the steepest rates since the height of the global financial crisis in early 2009, but output of the vast service sector has now also fallen in each of the past two months, representing the first back-to-back declines since 2009," Williamson said.

The final versions of the manufacturing and services PMIs will be released on Jan. 2 and Jan. 6.

A separate gauge of British household finances from IHS Markit on Monday fell to a three-month low in December, as perceptions of job security declined.

REUTERS/FILE

A journalist raises her hand to ask a question to Japan's SoftBank Group Corp Chief Executive Masayoshi Son during a news conference in Tokyo.

SoftBank's China strategy wobbles as key bets disappoint

REUTERS, *Hong Kong/Beijing*

FOR SoftBank Group Corp, financial technology firm OneConnect's IPO should have been a vindication of an aggressive China investing strategy.

Instead, embarrassed bankers had to slash the offering size and cut its price as investors baulked at a business model seen too reliant on majority owner Ping An Insurance. The IPO valued OneConnect at \$3.7 billion, about half its worth last year when SoftBank's Vision Fund invested \$100 million, and its stock finished flat in its debut on Friday.

OneConnect Financial Technology is just one of many China bets placed by the Japanese investment giant or its massive Vision fund which have run into trouble. That's added to global woes for SoftBank CEO Masayoshi Son, under fire for bad judgement and insufficient due diligence, exemplified by US office-space startup WeWork's disastrous IPO attempt and subsequent bailout.

In ZhongAn Online P&C Insurance Co Ltd's 2017 IPO, for example, SoftBank ploughed in \$550 million as a cornerstone investor. But the deal was seen by some investors as way overvalued and now trades at about half its IPO price.

Its unlisted portfolio has also had problems. The Vision Fund in February invested \$1.5 billion in Guazi.com, valuing the second-hand car dealing platform at more than \$9 billion.

But a \$500 million funding round for Guazi.com in the first half of the year failed to get off the ground, people with knowledge of the fundraising said.

The people, who were not authorised to speak to media and declined to be identified, said potential investors thought it was too pricey and were put off by its lack of profits in a sector where sales have been declining.

Guazi.com said in a statement that talks for new funds were advanced, investors included the Vision Fund and other top international investment institutions and that it expected to be profitable in the fourth quarter.

In fairness to SoftBank, many China IPOs have stumbled, hurt by a sharp slowdown in economic growth and trade tensions with the United States.

But investors and some bankers looking at China-related deals say SoftBank's involvement, once a sign of promising prospects, was now viewed as a red flag that a company was likely overvalued.

"SoftBank has become a signal that the market has peaked," said one person involved in the OneConnect IPO.

SoftBank declined to comment on its investments in Chinese companies for this article.

Other big bets like TikTok owner ByteDance and artificial intelligence firm Sensetime are threatened by the fallout from the US-China trade conflict. The Vision Fund has invested roughly \$1 billion in both, sources have said.

ByteDance is entangled in a US national security review over how it handles US customer data.

Sensetime in October was added to the US "entity list" which bars it from buying US components without US government approval, over its alleged involvement in human rights abuses in China's Xinjiang.

Sensetime has countered it abides by all relevant laws of jurisdictions in which its operates and that it has been actively developing an AI code of ethics.

Ride-hailing company Didi Chuxing, one of SoftBank's biggest China bets with \$11.8 billion invested, appeared to have a bright future after US rival Uber traded its China business for a stake in Didi.

H&M's recovery continues as fourth quarter sales jump 9pc

REUTERS, *Stockholm*

FASHION retailer H&M said on Monday its sales rose 9 percent in the fourth quarter, putting it on course to increase annual profits for the first time in four years following heavy investment in online and other services to adapt to a changing market. Shares in the world's second-biggest apparel group were up 2 percent at 1000 GMT, outperforming the wider market in Stockholm.

They have now climbed 53 percent this year on hopes the group has embarked on a road to recovery after slowing footfall at its core H&M-branded stores caused years of sliding group profits, mounting inventories and shrinking market value.

Over the past few years the Swedish-based retailer has invested in online services, new store concepts and independent brands to broaden its customer base and turn itself around.

H&M said its sales in September-November, its fourth quarter, were held back by the Black Friday shopping day falling later this year.

It said sales for the quarter rose 9 percent to 61.7 billion crowns (\$6.41 billion). Analysts had forecast a 10 percent rise, according to Refinitiv SmartEstimates.

In local currencies, growth was 5 percent.

"Black Friday this year fell a week later, i.e. just before the end of the month of November," H&M said in a statement.

"Therefore some of the big Black Friday online sales will not be recognized until December. The amount in question is expected to be approximately 500 million crowns."

H&M said that adjusted for that, sales grew 10 percent, or 6 percent in local currencies and analysts said that stripping out the Black Friday impact, sales broadly matched expectations.

Rival Inditex, the world's biggest clothing retailer and owner of the Zara chain, said last week its net profit grew 14 percent in the three months through October, helped by sales growth of 9 percent according to Reuters' calculation and shrinking inventories.

REUTERS/FILE

Employees work at the production line of aluminium rolls at a factory in Zouping, China.

China's factory, retail sectors shine as trade tensions thaw

REUTERS, *Beijing*

GROWTH in China's industrial and retail sectors beat expectations in November, as government support propped up demand in the world's second-largest economy and amid easing trade hostilities with Washington.

The set of upbeat figures released on Monday follow firm signs of progress in Sino-US trade negotiations over the weekend after the world's two largest economies announced a "phase one" trade deal that would nearly double US exports to China.

However, growth in infrastructure and the property sector, both key growth drivers, remained lacklustre in November, underlining key challenges for Beijing in its efforts to stabilise economic performance next year.

Industrial production rose 6.2 percent year-on-year in November, data from the National Bureau of Statistics showed, beating the median forecast of 5.0 percent growth in a Reuters poll and quickening from 4.7 percent in October. It was also the fastest year-on-year growth in five months.

"Activity and spending indicators strengthened across the board last month, though we think this uptick will prove short-lived," said Martin Lynge Rasmussen, China Economist at Capital Economics.

"Admittedly, the phase-one US-China trade deal could boost both export activity and corporate investment in the near term. But real estate, a key prop to growth in recent quarters, is primed for a moderation as financing to the sector is being squeezed by a regulatory crackdown."

Cement, crude steel and pig iron production all rose from a year earlier in November, compared with a fall in the previous month. Output growth in steel, auto and telecommunications sectors accelerated from October.