

Japan, an unfailing partner in Bangladesh's development journey

Yasushi Sawada, managing director of Ajinomoto Bangladesh, says in an interview

AKANDA MUHAMMAD JAHID

The relationship between Japan and Bangladesh is a trusted and time-tested one. Bangladesh became Japan's biggest recipient of official development assistance in 2020. Since the Covid-19 pandemic started more than a year ago, there has been a lot of talks and anticipation about Japanese businesses moving base to Bangladesh. In a series of high-profile interviews, The Daily Star tries to understand the increasing interest of Japanese investors in Bangladesh, its growth prospects, barriers to growth, ground realities, and how to attract more Japanese investment. As part of a series, today, we are running the interview of Yasushi Sawada, managing director of Ajinomoto Bangladesh, a Tokyo-based food and beverage company.

DS: Japan is one of the largest and most developed economies in the world. What can Bangladesh learn from Japan's growth trajectory?

Sawada: Actually, we all can learn from each other. For example, I have learned a lot from Bangladeshi business strategies and ideals after joining Ajinomoto Bangladesh as managing director in 2018.

Similarly, Japan's technological and infrastructural advancements could be a learning point for Bangladesh. Local businesses could practise Japanese management styles that emphasise strong teamwork, decision-making, discussions, opinion-sharing from all levels, and respecting each other. It could promote a robust growth-oriented environment.

But in my eyes, when I observe the digitalisation in many sectors and the massive expansion of infrastructure projects like the metro rail and Padma bridge, I can assume Bangladesh's economic growth is on the right track.

DS: How would you assess Japan's role in developing our economy?

Sawada: The two countries have maintained a healthy bilateral

relationship for decades now, and the bond is only getting stronger day by day. Many Japanese companies are successfully doing business in Bangladesh, and I hope more will enter this investment destination in the future. Japanese companies are making an active contribution to Bangladesh's economic development and generating employment.

At Ajinomoto Bangladesh, we practise the "Ajinomoto Shared Value". We try to deliver delicious products and arrange awareness programmes in schools. I am sure other Japanese companies are making their own contributions as well. So, Japan's does not just influence business but also the overall development of Bangladesh.

Ajinomoto prefers employees who have the potential to learn and thrive when we give them opportunities. In terms of improving the quality of the workforce, we focus on a long-term approach rather than a short-term one. At Ajinomoto, we have many standard operating and quality system procedures to maintain our work and product quality. We don't just sell our product. We also try to make customers happy.

Japan's role in Bangladesh's development indicates a good relationship between the two countries, and therefore, we should keep this partnership strong. If Ajinomoto grows as a company, it will create more opportunities here. In addition, we are also educating the locals on how to make better quality products.

DS: This year marks the 50th anniversary of Bangladesh's independence. What is the contribution of Japanese companies to the country's journey to a developing nation?

Sawada: First, I want to say happy anniversary Bangladesh, it has been a remarkable 50 years. My country has been a major development partner of Bangladesh ever since its independence. So, if you call the time between now and then a journey, I



Yasushi Sawada

would say Japan has been a travel partner.

According to the Japan External Trade Organisation, 321 Japanese companies are doing business in Bangladesh in various sectors, including garments, IT, and infrastructure. For a long time, Japan has been contributing to these sectors with high quality and constantly improving technology to help the country become a developing nation. For example, the ODA and the Japan International Cooperation Agency have made huge investments in Bangladesh's infrastructure, agriculture, health sector, and other vital fields.

DS: What are the prospects of the local food industry?

Sawada: The food industry is almost the same in every country, but some differences always remain. Bangladeshi people have begun to consider the taste and quality of food rather than its price. The food market is also getting bigger, and the platform is changing. Many new super shops, food chains, and fast-moving consumer goods companies from all over the world are operating in Bangladesh. If anyone comes up with a

good quality product, people will buy it. So, to do business in Bangladesh, companies should focus on quality, and as you know, Japanese companies never compromise on quality.

The country's massive population is growing, and the income levels have improved dramatically, making it a strong platform for food companies. In short, with more mouths to feed, our production will rise. Once a population grows richer, it can be assumed that they will crave tasty but healthy and safe food, which is something all local companies should aim to deliver.

DS: What kinds of Ajinomoto products are available in Bangladesh?

Sawada: In the Bangladesh market, we are providing our monosodium glutamate (MSG), which is categorised as umami seasoning. Umami is the fifth taste after bitter, salty, sour, and sweet. As of now, the product has five different stock-keeping units. If a consumer uses our product, the dishes become more delicious, not just at home but also at restaurants. Besides, we are considering new product developments.

DS: What is the response to your products?

Sawada: The response is good as our product quality is of Japanese standards. People have a misconception about MSG because other companies are doing business with MSG after adding salt and naming it "tasting salt". But we are not selling tasting salt. We are providing 99 per cent pure MSG made from natural ingredients like sugarcane and cassava. We have Halal certification from the Islamic Foundation, BSTI [Bangladesh Standards & Testing Institution] certification, and approval from other local and international food authorities. There are some fake products in the market that are harmful to the health of consumers. So, I urge the government to help us remove these counterfeit products.

DS: What are the business prospects in this country?

Sawada: Before investing in Bangladesh, we found this market to have potential. The prospect of MSG or any related food products is getting larger. So, we are also considering introducing other Japanese standard products. Thanks to increasing income

levels, the people of Bangladesh are considering better quality food. This is an excellent opportunity for us to expand.

Ajinomoto has brought various products to the local market to reach all types of consumers. For example, 450-gram, 200g, and 100g sachets of MSG are for restaurants and corporate customers, while 42g and 20g packs are for household use.

DS: How is your business doing, and what are the challenges it faces?

Sawada: We utilise distributors for 40 regions. So, our products are already available in many rural areas. In the future, I expect to reach everyone in the country. However, we are very concerned about the number of Ajinomoto knock-offs in the market. They are using similar packaging that confuses customers, and after using the fake product, people get a bad impression of our company. So again, I request the government to remove those products from the market.

DS: What can be done to improve the ease of doing business in Bangladesh?

Sawada: The government should reduce the tax and customs duty for foreign investors. The authorities concerned should also strengthen their market monitoring and take stern steps against counterfeit and substandard products. Consumer rights protection is helping us remove fake products from the market, but it is tough to pinpoint the manufacturers. If we fail to identify a fake product manufacturer, it will be difficult to remove such products from the market. My request is to find these fake product manufacturers and punish them.

DS: How can Bangladesh attract more foreign investment?

Sawada: Usually, we import raw materials from Thailand, but we have to pay a high tax and customs duty. If the government can minimise the tax and customs duty, it will help attract more foreign investment.

"A lot of Japanese companies are successfully doing business in Bangladesh, and I hope more will enter this investment destination in the future."

Courier services brought under banking umbrella

STAR BUSINESS REPORT

Bangladesh Bank yesterday allowed courier service providers (CSPs) to use banking channels to settle payments for their services.

The CSPs will have to open settlement accounts with banks in order to enjoy the financial service, according to a central bank notice.

Many small businesses in different parts of the country use CSPs to deliver their goods while the recent surge in e-commerce has significantly increased their workload.

CSPs supply products to clients and collect payment on behalf of sellers.

The service providers will now be able to deposit the value of products sold to their settlement accounts, from where the money will be sent to the respective sellers.

The sellers will receive payments directly to their bank accounts or in cash.

However, a seller will not be

KEY POINTS

- Courier service providers will open settlement accounts with banks
- Need approval from Post and Telecommunication Division to enjoy banking services
- Will open a central database system to store description of goods
- They can invest a portion of settlement fund in govt securities and FDRs
- Cashless transaction will get a boost

permitted to receive more than Tk 5,000 per transaction in cash for his or her products.

CSPs will have to encourage both customers and buyers to settle transactions through banks, the central bank notice said.

"The tripartite financial transactions -- buyers, customers, and CSPs -- will be easier than before due to the latest initiative," said an official of Bangladesh Bank.

This will help them settle

transactions at a faster pace, he added.

CSPs which are members of the Courier Services Association of Bangladesh will have to take prior approval from the Post and Telecommunication Division to enjoy the banking services.

In addition, they will have to create a central database system, where they will mention the details of sellers, customers and the goods sold.

The NID number of customers and sellers and the description of goods sold will have to be mentioned in the respective database system of each CSP.

The central bank official went on to say that the latest initiative will create new opportunities for CSPs.

For instance, the surplus fund CSPs have in their settlement accounts will increase significantly in the days ahead.

A portion of the outstanding fund, which usually remains deposited in their accounts, will be allowed to be invested in government securities and fixed deposit receipts (FDRs) offered by banks.

"This will open a new window to earn money for them," he said.

The central bank move will also help CSPs bolster public confidence in them.

Bringing CSPs under the banking system will also speed up cashless transactions in the country's financial sector.

READ MORE ON B3

Provide more support for startups

Experts urge government

STAR BUSINESS REPORT

The startup scene in Bangladesh has huge potential but needs policy support to meet its demand for funding and make a bigger contribution to the economy, according to experts.

For example, enhancing the country's brand image and ensuring accurate financial reporting could help local startups secure more foreign funds, they said.

These comments came at a pre-budget roundtable on "Venture Capital and Startups for a post-Covid Resilient Economy", jointly organised by the Venture Capital & Private Equity Association of Bangladesh and Capital Market Journalists' Forum.

"Startups are already making a good contribution to the country's job market, especially for younger generations," said Planning Minister MA Mannan.

Besides, they facilitate a number of services for citizens through innovation, he added.

At present, there are more than 1,200 startups in the country that employ more than 15 lakh people, according to

Bangladesh Startup Consortium.

"We will try to create a more supportive atmosphere for startups," Mannan said, adding that it was a harsh truth that the nation's image in the world arena was yet to meet expectations.

"So, we need to improve it by showing our present development in order to get more foreign investment," he said.

Over the last five years, startups received \$268 million in funding, of which \$247 million came from foreign investors.

"Startups are growing in our country thanks to government support but they need more to do so at a higher pace," said Arif Khan, vice chairman of Shanta Asset Management.

Regarding the growth potential of local startups, he pointed out that Silicon Valley had a bigger economy than that of resource-abundant Saudi Arabia.

"So, we need to support startups as they have huge potential to earn money and create jobs," said Khan.

He recommended allowing different funds of the same fund manager to be invested in the same startup company.

READ MORE ON B2

GLOBAL BUSINESS

Microsoft pledges to store European cloud data in EU

AFP, Paris

US tech giant Microsoft pledged Thursday to process and store all European cloud-based client data in the European Union amid unease in the region over the reach of US legislation on personal data collection.

Microsoft's European clients have long been concerned over the legal status of data they store with US companies in the cloud and the extent to which they could be scrutinised by US authorities.

Those worries came to a head last July when the European Court of Justice struck down the EU-US Privacy Shield, a framework allowing firms to transfer personal data to the United States in compliance with Brussels' General Data Protection Regulation. The court found the mechanism did not adequately protect EU data from US authorities over which Europe has neither control nor right of redress.

In a blog post on Thursday, Microsoft president Brad Smith said: "If you are a

commercial or public sector customer in the EU, we will go beyond our existing data storage commitments and enable you to process and store all your data in the EU.

"In other words, we will not need to move your data outside the EU. Smith said the commitment would apply across all of Microsoft's core cloud services -- Azure, Microsoft 365, and Dynamics 365 -- and would take effect by the end of next year.

The initiative is dubbed the EU Data Boundary for the Microsoft Cloud. Smith stated Microsoft cloud services "already comply with or exceed EU guidelines even before the plan we're announcing today".

"We defend our customers' data from improper access by any government in the world," he added. "We hope today's update is another step toward responding to customers that want even greater data residency commitments," Smith wrote, pledging to continue to consult with customers and regulators on the issue and respond to their feedback.

US service sector sees long-awaited relief as economy reopens

AFP, Washington

After a year of layoffs and uncertainty, data released on Wednesday showed the US service sector adding jobs and expanding in April, as the world's largest economy bounces back from the worst of the Covid-19 pandemic.

Payroll services firm ADP reported the private sector added 742,000 jobs last month, the overwhelming majority of which were in the services sector and in particular leisure and hospitality, one of the industries worst-affected by business restrictions meant to stop the virus.

The Institute for Supply Management (ISM) said its index of service sector activity was at 62.7 per



The ADP private employment report shows firms continued rehiring staff in April, particularly in the leisure and hospitality sector, which bore the brunt of the Covid-19 layoffs.

cent in April, well into expansionary territory but slightly lower than the month before as firms navigated supply chains that had grown overwhelmed by demand as major economies reopen.

The data bodes well for the United States, which is expected to see rapid growth this year as Covid-19 vaccinations allow businesses to return to normal after the pandemic caused widespread layoffs and business closures in 2020.

"The labor market is recovering and job growth is set to accelerate over coming months as the economy continues to move closer to a broader reopening," Rubela Farooqi of High Frequency Economics said of the ADP data.