

Brexit for Bangladeshis

Now that the UK has ended their marriage with Europe, how will their other relationships fare?



AFTER three prime ministers, two general elections, a number of historic defeats for the government and a political deadlock that seemed like it would never end — the United Kingdom (UK) officially left the European Union (EU) on January 31, 2020, ending a 47-year relationship. The decision to leave the EU was taken in June 2016 in an extremely close referendum, where 51.9 percent voted to leave the EU and 48.1 percent chose to stay. Because of this neck-to-neck race, the following three years saw an increasingly bitter and polarised debate on the nature of the exit, or “Brexit”, and whether it should occur at all, with Remainers repeatedly calling for a second referendum. The world watched with interest as Britons struggled to come to terms with this new era in their country’s history, and at the turn of this year, many countries like Bangladesh, with economic ties and migrant populations within the UK, are asking the same question—what does Brexit mean for us?

The question of trade is the obvious one—the UK is the third largest export destination of Bangladesh, making up for 9.74 percent of total Bangladeshi exports during 2017-2018. During this period, goods worth almost USD 4 billion were exported to the UK from Bangladesh, with 80 percent of them being provided by the readymade garments industry. Under the Everything but Arms (EBA) arrangement with the EU, Bangladesh was able to get duty-free access to the Union market as a less-developed country (LDC). Although the UK has stated that these provisions will stand while the country is going through the process of Brexit, it is still unclear what will happen next.

The fact that Bangladesh gained eligibility for LDC graduation in March 2018 and is expected to graduate into a middle-income

country by 2024 has only added to that uncertainty. While the EU has committed to making the EBA arrangement available to Bangladesh until 2027, the UK has made no such commitments. However, ex-British Prime Minister Theresa May has, on multiple occasions, stressed on the importance of strengthening economic ties with Commonwealth countries after Brexit, and on the eve of Brexit, the British High Commissioner in Bangladesh repeated how the UK is looking to explore more opportunities with Bangladesh and other non-EU countries.

These are encouraging words, but whether the UK will follow through is another question, as is whether they will have the capability of doing so, since experts have been forecasting a struggling economy for Brexit Britain for some time now. This is definitely a cause of concern for Bangladesh, since Bangladeshi exports to the UK are extremely price sensitive and any change in the British pound can affect these trade relations. This was evident in the aftermath of the EU referendum, when the UK saw a hugely weakened pound and a 7.1 percent fall in exports for Bangladesh in July 2016, as well as the negative growth of exports from fiscal year 2016-17 when compared to 2015-16.

Another obvious and more direct impact that Brexit is likely to have is on the massive British-Bangladeshi population in the UK, who in 2011 made up 0.8 percent of the population of England and Wales. A large portion of this population is concentrated in the boroughs of Tower Hamlets (32 percent Bangladeshi) —which has the largest Bangladeshi population in England—and Newham (12.5 percent Bangladeshi) in London. In Tower Hamlets, 67 percent of the borough voted to Remain, whereas 53 percent of Newham voted to Remain.

There is a rumour that Bangladeshi populations in these areas all voted to Leave. While this seems unlikely, there definitely was a sizeable part of the community who backed the Leave campaign, even if the majority didn’t. This was largely due to the

“Save our Curry Houses” campaign set up by then Foreign Secretary Boris Johnson and British MP Priti Patel (currently Home Secretary). Despite the fact that British Bangladeshi children, especially girls, tend to do better than other children in education, the community still suffers from a high rate of unemployment, with the average employment rate being only 57 percent and suffering from a significant gender gap. This unemployment is exacerbated by the fact that many Bangladeshis are either in low wage jobs or in the business of restaurants,

once European immigration was capped. In 2016, BCA President Pasha Khandaker publicly backed the Leave campaign and told news media that it was not possible for European workers to be a part of the industry because of cultural and language differences and the inability of foreigners to deal with “the curry smell”, adding “by voting to leave we can take back control of our immigration policies, save our curry houses and join the rest of the world.”

Strange that the BCA identified the inability of European workers to adapt as

with the Independent reporting that some restaurants claimed business to be down by almost 75 percent. In fact, when British-Bangladeshi MP Rupa Huq raised the issue in parliament, Immigration Minister Robert Goodwill dismissed the idea of bringing in chefs from Bangladesh, saying that he “lays down a challenge to the restaurateurs in our country to train our own people”, despite being presented with evidence of a training college for British chefs that cost the government GBP 1.75 million to set up, but was shut down in 2012 because of a lack of applicants.

Brexit seems set to have a net negative impact on Bangladeshi employment in Britain, at least in the restaurant industry, but the repercussions for wider race relations could also be equally serious. Analysts have, on multiple occasions, called out the rhetoric coming from right-wing parties like UKIP as racist and exclusionary, heavily criticising them for creating a climate of fear about an “invasion of refugees” in the run-up to the EU referendum. In May 2019, a nationwide research by Opinium revealed that 71 percent of people from ethnic minorities reported facing discrimination, as opposed to 58 percent in January 2016. According to the Home Office, race hate crimes have also risen every year since 2013, with 78,991 incidents occurring in England and Wales in 2018/19.

Tower Hamlets is no stranger to racism. The most well-known racially motivated attack was that of Altab Ali, whose murder by three teenagers led to mass demonstrations across the Bangladeshi community in 1978. His memory is now immortalised in the name of a park in Whitechapel. The UK has gone through a lot of changes since then, and while the days of open, racial attacks on the streets may be behind them, Britain’s increasingly isolationist policies and anti-immigration rhetoric in domestic politics does seem like a step in the wrong direction.

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ILLUSTRATION: AMIYA HALDER

which had been facing closures of “up to five restaurants a week” in 2016, according to the Bangladesh Caterers Association (BCA), due to strict immigration laws for non-EU citizens that prevented them from bringing in experienced chefs from Bangladesh.

As a result, the Leave Campaign promised the BCA, which represents approximately 150,000 members across 12,000 restaurants, to relax tier 2 immigration laws and allow more Bangladeshi immigrants into the UK

the problem and not the rules set by the British government, which specifies that employers must provide a salary of around GBP 35,000 to secure a visa — a far higher amount than the average chef’s pay. Three years down the line, the BCA have had to swallow their words. Not only has the British government refused to relax the tight controls on immigration, the fall in the value of the pound sterling has made matters worse for restaurants in the GBP four billion industry,

The roadblocks to financial inclusion in Bangladesh



I had my first bank account at Sonali Bank that my father opened for me and since then I received every Eid and birthday gift money in an account payee cheque, none of which I got to use at that time. Many years later I realised he was just helping me build the habit of saving money through a bank account. I must say that it certainly worked. I had my second bank account when I started my first job at a bank; and 11 years later I still use that as my primary account. If I look at these accounts and want to assess what they’ve given me—an option to transfer money between my own accounts, to send money to other people who are within the Bangladesh Electronic Fund Transfer Network (BEFTN), an option to buy Shanchaypatra (savings certificate) and very recently an option to send money to my mobile money wallet.

But in these years, what I did not get was a platform where I could just plug in and pick from a host of financial services, including savings, credits, payments and insurance. I did not get to compare what the savings rates were to choose the one that best suits my need, I did not get to choose the best mode for transferring my financial risk (perhaps an insurance?). This is me belonging to the privileged few who have access to information, yet I feel that I do not have the choices I need to make the right financial decision. Imagine, a woman in her mid-30s in a rural village of Chapainawabganj who is trying to make the same decision! Does she have the access to information and access to services to make

the right choice about the small amount of money she has been able to save through her hardship? If the answer is no, then the journey of financial inclusion in Bangladesh still has a long way to go.

If anyone asks me what I would call the most ideal situation of financial inclusion, I would say businesses and activities taking place in the front and finances happening in the back. No one should be constrained from implementing a brilliant business idea or taking a necessary medical procedure just because money is not available. My mobile usage or bank account transactions or other utility expenditure profile should help to build my personal profile that will assess my ability to take a loan and return it with interest. I should get access to an easy loan just by tapping my phone and pay it back

tapping my phone again. Money should be the secondary constraint while the primary should always be—will my business idea or the medical procedure work?

In Bangladesh the pursuit of financial inclusion has gained some momentum; but the whole idea is still stuck in the box of opening bank accounts only. We have not reached the stage where we can ask the question whether the bank account can give access to savings/credits/payments solution or insurance. There is a huge potential for the insurance market to develop, especially an insurance that can reduce people’s out of pocket expenditure for health. Globally, Bangladesh ranks in one of the top countries for out of pocket expenditure on health and that is one of the key drivers to push back people into poverty again. An insurance or similar mechanism that allows



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people to access healthcare without burning out their lives’ savings or putting their families into an endless cycle of debt or cutting off children’s education can create huge difference in the quality of the life of poor people. But alas, we don’t quite have that kind of a solution in Bangladesh.

The government of Bangladesh has designed its Health Finance Strategy considering that those below the poverty line, about 31.5 percent of the population, will be served by the government (the delivery model is yet not full proof); those in the formal sector (about 12.3 percent of the population) will be served through a participatory insurance model. The strategy expects the middle 56.2 percent of the population, which is about 87 million people, will be served by microinsurance or other innovative solutions. The plan the country now has to achieve is one pillar of universal health coverage that is accessing healthcare without financial hardship. While the country is giving high priority to health sector reforms, how people

are paying for that healthcare remains far from being ideal. And this brings us back to the discussion of financial inclusion again—what kind of financial service will ensure that people of Bangladesh are financially included?

I personally believe Bangladesh still requires a lot of handholding between development partners, private sector providers and policymakers to ensure the financial sector provides the right products and services that meet the demands of the ever-growing population of Bangladesh. With a growing population of young and ageing people, we cannot have a one size fits all solution. Concerns keep on being raised about the balance sheet health of the mainstream commercial banks as to whether or not they are fit for the purpose of serving the needs of people and businesses or if they have the right corporate governance and investment capacity to venture into new territories of financial services. Improved corporate governance, on the other hand, can help these financial institutions get access to external sources of long-term finance which the local market is unable to provide right now.

With so many areas where reform is needed, one can always wonder what the entry point should be and whether there is a theory of change that can tell us which reforms are needed to be done in parallel and which are needed to be done sequentially. So much is yet to be done with LDC graduation knocking on our doors and I am contemplating whether to have that chocolate cake or not? While I decide on that, let me know what you think about the theory of change for financial sector reform!

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ALFRED, LORD TENNYSON
(August 6, 1809–October 6, 1892)
Poet Laureate

Ring out the old, ring in the new, ring, happy bells, across the snow: The year is going, let him go; ring out the false, ring in the true.

CROSSWORD BY THOMAS JOSEPH

ACROSS

1 Plague

6 Some stingers

11 Superfluous

12 Kick out

13 Rose feature

14 Téa of “Madam Secretary”

15 Road sealer

16 Young fox

18 Little rascal

19 Avenue tree

20 Some amount of

21 Summer sign

22 Bounty

24 Ivy League school

25 Books reviewer

27 Bottle plug

29 Some chocolates

32 Writer Radcliffe

33 Yacht spot

34 Bar concern

35 Long-running CBS drama

36 PC key

37 Before, to bards

38 Door part

40 Crooner Mel

42 Defeated, but barely

43 Leading

44 Lab work

45 Work breaks

DOWN

1 Improve

2 Sigh, say

3 Sailors heed them

4 Slip

5 Beer holder

6 Writer Eudora

7 Woodsman’s tool

8 Movie review cautions

9 Some calligraphers

10 Like loafers

17 Book parts

23 Penguin’s cousin

24 “The Bells” writer

26 Tiller puller

27 Mark of distinction

28 Like some kicks

30 Rockies rodent

31 Wins every game of

33 Future flowers

39 Acquire

41 Early hour

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11 12 13 14 15 16 17 18 19 20 21 22 23 24 25 26 27 28 29 30 31

32 33 34 35 36 37 38 39 40 41 42 43 44

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YESTERDAY’S ANSWERS

S	A	G	A	S	Q	U	A	S	H
E	X	I	L	E	U	M	B	E	R
W	E	N	D	T	E	P	E	E	S
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J	U	L	I	O	L	A	Z	E	D
A	G	E	N	T	U	T	E	R	I
W	H	I	S	H	P	A	S	S	E

BETLE BAILEY

by Mort Walker

BABY BLUES

by Kirkman & Scott