

STOCKS		COMMODITIES		ASIAN MARKETS				CURRENCIES			
DSEX	CSCX	Gold	Oil	MUMBAI	TOKYO	SINGAPORE	SHANGHAI	USD	EUR	GBP	CNY
Closed	Closed	\$1,597.10 (per ounce)	\$23.46 (per barrel)	3.01%	0.88%	2.69%	0.11%	BUY TK 83.95	89.67	98.12	11.69
				29,468.49	18,917.01	2,481.23	2,750.00	SELL TK 84.95	93.47	101.92	12.29

আপনার নিরাপত্তাই  
আমাদের অগ্রাধিকার

ব্যাংকিং হোক ঘরে বসেই

- ফরাসি ট্রান্সফার
- মোবাইল টপ-আপ
- ক্রেডিট কার্ডের বিল প্রদান
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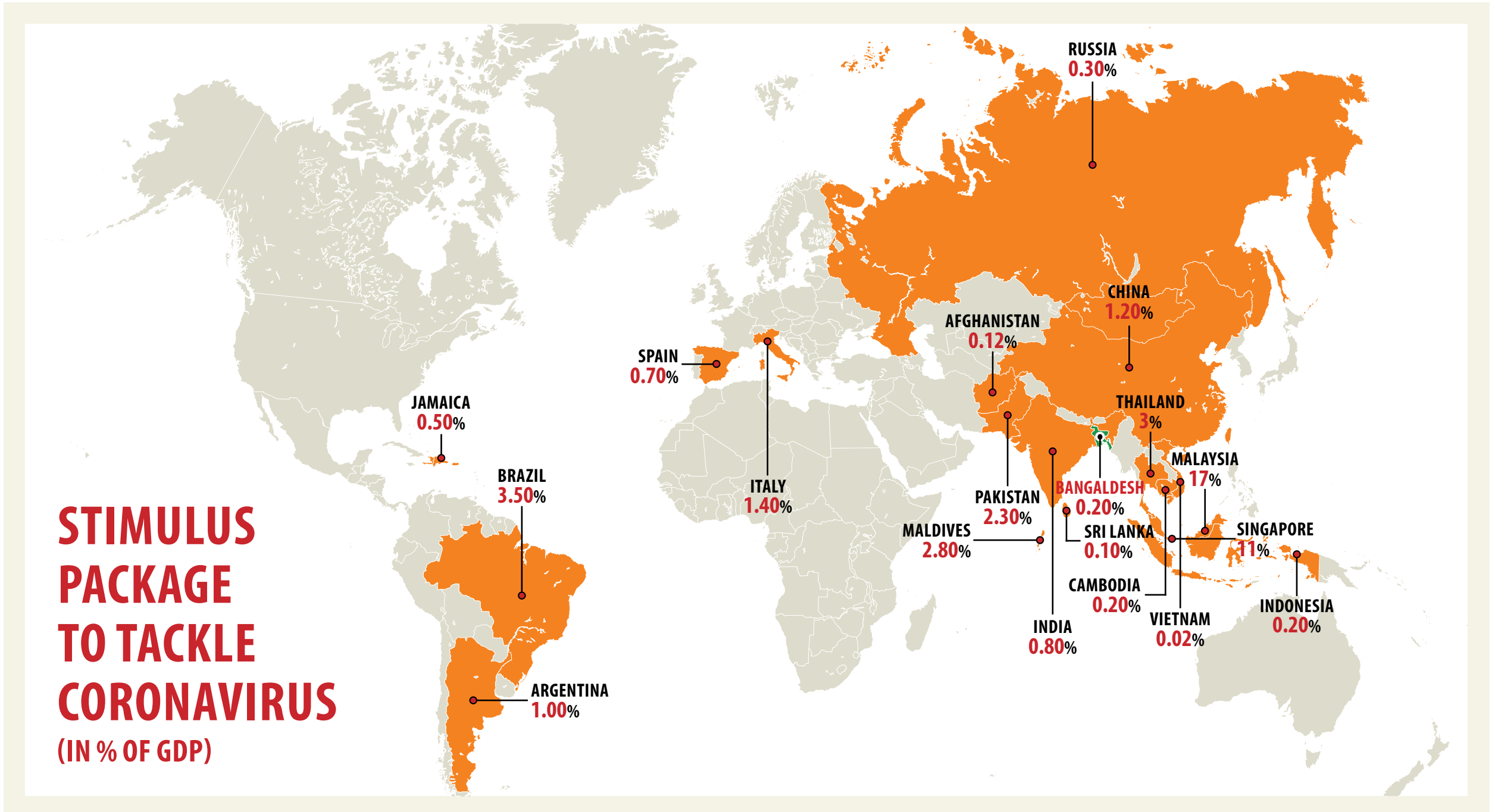
# BUSINESS

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## TAMING CORONAVIRUS RAMPAGE

# Bigger relief package needed to make up for lost economic activities



REJAU KARIM BYRON and MD FAZLUR RAHMAN

Bangladesh has announced one of the lowest stimulus packages among South Asian and Asian peers in terms of gross domestic product (GDP) to counteract the impact of the coronavirus pandemic that is on course to bringing about an economic recession.

Last week, Prime Minister Sheikh Hasina announced a Tk 5,000 crore stimulus package, which is equivalent to 0.2 per cent of fiscal 2018-19's GDP, to extend wage support to workers in the export-oriented industries.

If compared with a set of countries, Bangladesh is only ahead of Vietnam, Sri Lanka and Afghanistan, lags behind India, Pakistan, the Maldives, Thailand, Singapore and Malaysia and is at par with Cambodia and Indonesia.

The stimulus package came after Bangladesh reported its maiden cases of coronavirus infections on March 8.

Since then, the deadly virus has infected 51 people and was linked to death of five, according to the Institute of Epidemiology, Disease Control and Research.

In order to face expected increased demand for healthcare spending, the finance division of Bangladesh is preparing a revised budget for the fiscal year, the International Monetary Fund (IMF) said on its website. It already

allocated an additional Tk 250 crore to the health services division.

The government is also considering measures to cushion the impact of the crisis on the economy, including the expansion of existing transfer programmes that benefit the more vulnerable households, as well as mechanisms to support exporting industries.

Increased allocation has been made to the Open Market Sale (OMS) programme to ensure adequate food supply for lower-income class households, particularly those dependent on daily wages.

The National Board of Revenue has suspended temporarily duties and taxes on imports of medical supplies, including protective equipment and test kits.

"The recent announced fiscal response in Bangladesh is in the right direction, though far from adequate," said Zahid Hussain, a former lead economist of the World Bank's Dhaka office.

The most significant in terms of the amount of financial resources is the Tk 5,000 crore -- which is equivalent to 0.2 per cent of fiscal 2018-19's GDP -- wage support to workers in the export-oriented industries.

Now, the Bangladesh Garment Manufacturers and Exporters Association claims that it pays Tk 4,000 crore in wages every month. The Bangladesh Knitwear

Manufacturers and Exporters Association probably pays an amount very similar.

Then there are the others: leather, footwear, furniture, ceramics and so on. Most are demanding more than a month's basic pay. Rationing is inevitable since the total is well short of the wage bill in the exports sector, the economist said in a write up.

In order to pool resources, the government is seeking \$750 million from the IMF.

The government wrote to the crisis lender on Sunday asking for the fund, said a finance ministry official.

The IMF has made available about \$50 billion through its rapid-disbursing emergency financing facilities for low-income and emerging market countries that could potentially seek support.

Initially, officials had said that the government was seeking \$200 million from the World Bank: \$100 million for the health sector and \$100 million in budget support.

Now, the government would like to get \$500 million from the Washington-based development lender, said one official of the finance ministry.

The Asian Development Bank may provide \$500 million to Bangladesh initially as budget support in order to help the country improve its health system and assist the vulnerable groups. It has already provided \$300,000.

The coronavirus may wipe 1.1 per cent off the GDP of Bangladesh as per a projection of the ADB.

"Many people have lost jobs because of the coronavirus. We have to stand by them," said Prime Minister Sheikh Hasina in her address to the nation on March 25.

Assistance would be extended to the low-income people in their respective villages under the Ghore Fera Kormosuchi, a programme of the government. Homeless and landless people would be given homes, food for six months and cash, she said.

The Vulnerable Group Development (VGD), one of the largest safety net programmes, the Vulnerable Group Feeding (VGF) programme, which provides food transfers to the poor during disasters and major religious festivals, and the initiative to sell rice at Tk 10 a kg would continue, she said.

On March 23, the government declared a general holiday from March 26 to April 4. The holidays were extended to April 11.

Government offices, private offices and courts have been closed. Commercial banks are operating shorter hours. Individuals have been requested not to leave their homes except to collect daily necessities and emergency supplies.

Beyond the domestic impact of the health crisis, the two main channels through which

the Bangladesh economy will be impacted are remittances and exports of garments, said the IMF on its website.

Remittances represent more than 5 per cent of GDP (close to \$17 billion in fiscal 2018-19), and a majority of the migrant workers are based in Gulf countries that are affected by the abrupt decline in oil prices.

Close to half a million migrant workers have returned since the outbreak of the pandemic.

The garment sector accounts for more than 80 per cent of the country's exports. The industry has been hit by the cancellation of \$2.90 billion in garment orders from major retailers in advanced countries, affecting 1,059 factories and 21 lakh workers, according to data compiled by the BGMEA.

Almost all garment factories were closed yesterday. The sector employs about 41 lakh workers.

In a recent interview with The Daily Star, Finance Minister AHM Mustafa Kamal, however, said more measures, short-term, mid-term and long-term, would be taken to support all the industries that have been affected by the virus pandemic.

"Once the crisis is over, we will take whatever steps we need to take so that the affected businesses and businesses can return to their pre-crisis level. No sector would be left out."

# Now more buyers assure garment suppliers of taking goods

REFAJET ULLAH MIRDHA

Many international clothing retailers are coming up with assurances to help garment suppliers by taking the shipment of goods that have already been manufactured or ordered, in a relief to the exporters reeling from the coronavirus fallout.

Since the outbreak of the deadly and highly contagious virus, many Western clothing retailers, which have been sourcing from Bangladesh for decades, have sent letters to local manufacturers asking for cancellation of current and upcoming work orders as their own stores have been closed due to demand collapse and the measures aimed at slowing the spread of the novel virus.

At the same time, there have been assurances

from the buyers when the apparel suppliers worldwide are facing the challenges of order cancellation and delayed shipments.

A few brands, including PVH, Inditex, Marks & Spencer, Kiabi and Target have come forward and have informed of their decision to take the ready goods along with the goods in production, said Rubana Huq, president of the Bangladesh Garment Manufacturers and Exporters Association (BGMEA), in a WhatsApp message.

"We welcome their decision to support us and hope that the payment terms will remain unaffected in order to ensure liquidity flow for the factories," Huq told The Daily Star in a WhatsApp message.

This comes after the Swedish retail giant H&M on Sunday assured its garment suppliers

of taking shipment of goods that have already been manufactured.

Spanish retailer Inditex has confirmed it would not stop taking goods in seas or in production lines, according to the BGMEA chief.

"Similarly, French Kiabi would take all the products that are ready and all the products whose work is in progress."

Target of the US has confirmed with full assurance that it would be taking all the orders in hand and take full responsibility and come up with solutions on work orders, Huq said.

"Target also reiterated that it would work as partners to come out of the crisis and has no intention to cancel any order. The list is getting long," Huq said.

French buyer Kiabi told Rising Group during a video-conferencing on Monday that it would

take the old orders worth nearly \$14 million, according to Mahmud Hasan Khan Babu, managing director of the garment exporter.

He has been supplying knitwear items like T-shirts to Kiabi for more than nine years. He supplies garment items worth \$120 million to the French company every year.

Kiabi has been directly sourcing garment items worth \$700 million from Bangladesh every year over the last 20 years, the entrepreneur said.

As of yesterday, \$2.90 billion worth of garment export orders were cancelled by international retailers, according to data compiled by the BGMEA.

Some 1,059 garment factories reported a loss of 920.36 million units of work orders. The cancellation will affect 2.10 million workers.

More than 3,079 woven, knit and textile factories were closed yesterday as the government is enforcing a nationwide lockdown. However, nearly 60 factories were open, according to sources in the industrial police.

The worst-affected countries such as Italy, the UK, the US, France, Spain and Germany are the prime destinations of Bangladesh garment items.

The US is the largest export destination for Bangladesh and takes apparel items worth \$6 billion a year. Germany also sources almost the same amount of garment items.

Bangladesh exports nearly \$3 billion worth of garment items to Italy and more than \$2.5 billion to Spain and France. The UK imports more than \$3 billion worth of garment items.