

# Japan wants manufacturing back from China, but breaking up supply chains is hard to do

REUTERS, Tokyo

When Japanese firm Iris Ohyama agreed in April to begin producing much-needed face masks in Japan, it marked a win for Prime Minister Shinzo Abe who wants to bring manufacturing back from China.

Spooked by coronavirus-induced factory shutdowns in China, Abe's government has earmarked \$2 billion to help companies shift production home. The policy, part of a massive stimulus package to cope with the pandemic, has even been termed by some bureaucrats as a matter of national security.

"We have become dependent on China," Economy Minister Yasutoshi Nishimura told reporters last week. "We need to make supply chains more robust and diverse, broadening our supply sources and increasing domestic production."

Japanese production of masks, for which domestic demand has skyrocketed, makes sense. But Iris Ohyama, which until this month had only made face masks in China, is so far the only large firm known to be taking advantage of the subsidies.

Many other Japanese firms say shifting output back home is simply impractical and uneconomical. They need to be physically present



REUTERS/FILE

**Preparations for making protective face masks are underway at household equipment maker Iris Ohyama Inc's factory in Kakuda, Japan.**

in China because much of what they are making is ultimately for the Chinese consumer, and to meet the demands of 'just-in-time' production which prioritises short delivery times for efficient manufacturing.

"The parts we make are so big that we need to be near our customers to control our costs," said Chikara Haruta, a spokesman at Yorozu Corp, which makes suspension and

other auto components.

Its plant in Wuhan, China is located just seven kilometres from a Honda Motor Co Ltd assembly factory. For Japan's car makers, reliance on Chinese suppliers in the world's biggest auto market is also just good business.

"Even if we wanted to, it would be difficult to lower our exposure to China-made parts," an executive at a Japanese automaker told Reuters,

declining to be identified as he was not authorised to speak to media.

He added that over the past decade, Chinese suppliers had upped their game and now provide a vast range of quality, low-cost parts.

Toyota Motor Corp, Nissan Motor Co Ltd and Honda also have at least three R&D centres each in China, and their suppliers are following suit.

"Where the software is developed dictates where the hardware is developed and made," said an official at a Japanese parts supplier, speaking on condition of anonymity.

"The new government incentive is misguided if it only focuses on bringing manufacturing back, while overlooking R&D functions," Japanese politicians have increasingly fretted over Japan's dependence on China as a production hub.

Since the early 2000s as Chinese labour costs rose, there has been talk of a "China Plus One" strategy — a policy of managing risk by locating plants and facilities in China and one other Asian nation. It gained more traction in 2012 when bilateral tensions flared and many Japanese firms have sought to diversify with operations in Southeast Asia.

# Hong Kong govt to lead \$5b rescue package for Cathay Pacific

REUTERS, Sydney

Cathay Pacific Airways Ltd revealed on Tuesday the Hong Kong government will lead a recapitalisation plan worth HK\$39 billion (\$5 billion) to help it through the coronavirus pandemic, the latest public rescue for a troubled airline.

Governments around the world have been bailing out airlines amid a plunge in travel demand, and in some cases such as Germany's Lufthansa, they are taking direct equity stakes.

For Cathay, government intervention followed the double blows of political unrest in Hong Kong last year and the coronavirus which was costing it about HK\$3 billion a month in lost passenger revenue.

It has grounded most of its planes, flying only cargo and a skeleton passenger network to major destinations such as Beijing, Los Angeles, Sydney and Tokyo.

Just like Singapore Airlines Ltd, which received an up to \$10.1 billion rescue package led by state-investor Temasek Holdings, Cathay has no domestic market to rely on to cushion against the plunge in international travel.

"Hong Kong needs to protect its position as a hub given all the investment in expanding Hong Kong International Airport and the competitive landscape following Singapore's big move over two months ago," independent aviation analyst Brendan Sobie said.

Under the rescue plan announced by Cathay on Tuesday, the Hong Kong government would be issued HK\$19.5 billion of preference shares giving it a 6 per cent stake,

and HK\$1.95 billion of warrants. It would also provide a HK\$7.8 billion bridging loan and would have the right to two observers at board meetings, Cathay said in a statement.

The deal includes a HK\$11.7 billion rights issue to existing shareholders, led by Swire Pacific Ltd and Air China Ltd, which had halted trading on Tuesday morning alongside Cathay, pending the announcement. Swire, which holds 45 per cent, Air China which owns 30 per cent and Qatar Airways with 10 per cent plan to participate in the rights issue, Cathay said. Their holdings will fall to 42 per cent, 28 per cent and 9.4 per cent afterward.

BOCOM International analyst Luya You said the combined package would provide more than enough funding for Cathay to survive the rest of 2020.

"A recapitalisation plan of this size bodes well for Cathay's long-term future," she said. "Big airlines with sufficient liquidity can actually gain significant market share immediately post-COVID."

Cathay said on Tuesday a fall in passenger revenue to only 1 per cent of the previous year's levels meant the airline had been losing cash at a rate of HK\$2.5 billion to HK\$3 billion per month since February.

Cathay has furloughed some pilots at overseas bases and cut cabin crew roles in the United States and Canada since the start of the coronavirus pandemic, but has not announced large-scale permanent job losses.

The airline said on Tuesday it would put in place a further round of executive pay cuts and a second voluntary leave scheme for employees as it considered the optimum size for the business in the future.

# Asian markets mostly up as lockdown easing trumps profit-taking

AFP, Hong Kong

Asian equities mostly rose Tuesday as long-running optimism over the re-opening of economies overcame early profit-taking to extend a rally across world markets.

Sydney and Hong Kong were the standout performers, with traders picking up the baton from Wall Street where the Nasdaq ended at a record high and the S&P 500 wiped out all its losses for the year.

There were warnings, however, that the gains — which have seen markets soar from their March trough thanks to the lockdown easing and massive stimulus — may have gone too far, and could be derailed by any number of issues.

Still, for now, the mood is upbeat, with governments slowly removing restrictions that were put in place to stop the spread of COVID-19 but strangled economies and are widely expected to have caused a world recession.

Hong Kong rallied 1.1 per cent and Sydney jumped more than two percent as investors there returned from an extended weekend break to play catch-up with Monday's regional advance.

Shanghai gained 0.6 per cent and

Taipei added 0.2 per cent, while Singapore and Manila each rallied more than one percent.

Seoul rose 0.2 per cent despite geopolitical concerns re-emerging after North Korea said it was severing all official communication links with the South, and Mumbai was up 0.4 per cent.

But profit-taking dragged Tokyo 0.4 per cent lower and Wellington slipped two percent after racking up gains of more than three percent on Monday.

In early trade London, Paris and Frankfurt dipped. While traders continue to buy into world markets on hopes the economy will bounce back, analysts urged some caution.

"The good news is that this shows central banks' effort to stabilise the market have worked," Tai Hui, at JP Morgan Asset Management, said in a note.

"The more worrying news is that global economic activity is far from where we were before the pandemic. The current risk rally is driven by investors' belief that the worst of this recession is behind us, which we agree with." But he warned: "The road to full recovery is long and will require medical solutions including a widely distributed vaccine or efficient and

accurate testing. The threat of a second wave of infections has not been eliminated." He added that there were also risks of renewal of the China-US trade war, as well as the impact of mass unemployment and bankruptcies.

Oil markets remain supported by expectations for a pick-up in demand as lockdowns are eased, as well as huge output cuts by leading producers led by Saudi Arabia and Russia.

However, prices took a knock Monday after Riyadh said it would not continue beyond this month with additional, voluntary output reductions it had been implementing alongside the main production deal.

AxiCorp's Stephen Innes suggested the recent run-up in crude over the past few weeks could begin to plateau.

"While equity markets are looking ahead to a recovery in corporate profits in 2021, energy markets do not have the luxury to be as forward-looking," he said in a commentary.

"Oil demand remains weak in the US, and big states that drive the US economy need to open with a driving boom. But ultimately, without the return of travel between the world's three largest regions — the US, the EU, and China — demand will be slow to pick up."

# US Fed again expands Main St loan programme to reach more firms

AFP, Washington

The US Federal Reserve on Monday once again announced changes to its Main Street Lending Program to reach more companies struggling to deal with the damage done by the coronavirus shutdowns.

The facility, which has not yet launched, once again slashed in half the minimum loan amount, taking it down to \$250,000 from \$500,000 previously, the Fed said.

The central bank originally conceived the program with a \$1 million minimum, as it rushed to find ways to support businesses that are too big to benefit from the Paycheck

Protection Program run by the Treasury Department.

Since the pandemic hit in mid-March, the Fed has rushed out a series of emergency programs to pump liquidity into the US economy amid the severe downturn caused by the effort to contain the spread of COVID-19, including buying unlimited amounts of US Treasury debt, corporate bonds and mortgage-backed securities.

But thousands of firms have weighed in on the criteria for what the Fed considers a small or medium business, prompting repeated changes.

"Supporting small and mid-sized businesses so they are ready to reopen and rehire workers will help foster a broad-based economic recovery," Federal Reserve Chair Jerome Powell said in a statement.

The Fed said the program should be ready to start lending "soon," and Powell said "I am confident the changes we are making will improve the ability of the Main Street Lending Program to support employment during this difficult period." The changes also extend the life of the loans to five years from four previously, and offer a two-year grace period on principal repayment.



**North-West Power Generation Company Ltd.**  
ISO 9001:2015, ISO 14001:2015 & ISO 45001:2018 Certified  
(An Enterprise of Bangladesh Power Development Board)

**Office of the Chief Engineer**  
Bheramara 410 MW Combined Cycle Power Plant, Bheramara, Kushtia.  
Tel: 0702271790, Fax: N/A, E-mail: ce.bheramarapp@nwpgcl.gov.bd

Ref: 27.28.5015.203.07.001.19.341Date: 09.06.2020

**e-Tender Notice**

e-Tenders are invited in the national e-GP System Portal (<http://www.eprocure.gov.bd>) for the following procurements:

Sl. No.	Tender ID	Invitation Reference No.	Tender Description	Publication Date & Time	Closing Date & Time
1	457821	27.28.5015.203.07.001.20.020	Supply of Milling machine for Workshop.	11-May-2020 13:00:00	24-Jun-2020 15:00:00
2	457797	27.28.5015.203.07.001.20.019	Procurement of Lighting spares for plant illumination in Bheramara 410 MW CCPP.	11-May-2020 13:00:00	17-Jun-2020 15:00:00
3	451797	27.28.5015.203.07.001.20.018	Procurement of motors and bearings for Bheramara 410 MW CCPP.	11-May-2020 13:00:00	15-Jun-2020 15:00:00
4	459684	27.28.5015.203.07.001.20.023	Spares for On-off Valves.	19-May-2020 13:00:00	30-Jun-2020 15:00:00
5	458048	27.28.5015.203.07.001.20.022	Supply of Bars, Gland Packings, Gaskets, Belts.	19-May-2020 13:00:00	28-Jun-2020 15:00:00
6	456921	27.28.5015.203.07.001.20.021	Installation of Fire-Fighting System for Warehouse	08-Jun-2020 16:00:00	19-Jul-2020 15:00:00
7	466731	27.28.5015.203.07.001.20.025	Spare Parts of Control Valves	08-Jun-2020 16:30:00	19-Jul-2020 15:00:00

For detailed information please visit the following link.  
<https://www.eprocure.gov.bd/resources/common/ViewTender.jsp?id=457821&h=f>  
<https://www.eprocure.gov.bd/resources/common/ViewTender.jsp?id=457797&h=f>  
<https://www.eprocure.gov.bd/resources/common/ViewTender.jsp?id=451797&h=f>  
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<https://www.eprocure.gov.bd/resources/common/ViewTender.jsp?id=456921&h=f> &  
<https://www.eprocure.gov.bd/resources/common/ViewTender.jsp?id=466731&h=f>

These are online tender, where only e-Tender will be accepted in the National e-GP portal and no offline/hard copy will be accepted. To submit e-Tender, registration in the national e-GP System Portal (<http://www.eprocure.gov.bd>) is required.

Further information and guidelines are available in the National e-GP System Portal and from e-GP help desk ([helpdesk@eprocure.gov.bd](mailto:helpdesk@eprocure.gov.bd)).



Md. Rabiul Awal  
Superintending Engineer (Operation)  
Bheramara 410 MW Combined Cycle Power Plant,  
NWPGCL, Bheramara, Kushtia.  
+880177736400

**Government of the People's Republic of Bangladesh**  
Bangladesh Bureau of Statistics  
National Household Database (NHD) Project  
Parishankhyan Bhaban (9th Floor, Block-1)  
E-27/A, Agargaon, Dhaka-1207

Memo No. 52.031.07.131.04.450.2020-Date: 09/06/2020

**Request for Expression of Interest (REOI) for Individual Consultant**

1	Ministry/Division	Statistics and Informatics Division.
2	Agency	Bangladesh Bureau of Statistics.
3	Name of procuring entity	Project Director, National Household Database (NHD) Project.
4	Title of service	Selection of Financial Management Specialist (FMS) (National).
5	Procuring entity district	Dhaka.
6	Expression of Interest for Selection of	Individual Consultant (Time Based).
7	EOI Ref. No.	52.031.07.131.04.450.2020-813
8	Date	09-06-2020
<b>KEY INFORMATION</b>		
9	Procurement sub-method	Selection of Individual Consultants (SiC).
<b>FUNDING INFORMATION</b>		
10	Budget and source of funds	Development, Aid Grant/Credit.
11	Development partners (if applicable)	IDA.
<b>PARTICULAR INFORMATION</b>		
12	Project/programme code (if applicable)	1631-5013 (Credit No. 5281-BD & 6137-BD).
13	Project/programme name (if applicable)	National Household Database (NHD) Project.
14	EOI closing date & time	Date: <b>01 July 2020</b> . EOI shall be submitted in sealed envelope marked with "Expression of Interest for Financial Management Specialist". Time: <b>03:00pm</b>
<b>INFORMATION FOR APPLICANT</b>		
15	Brief description of the assignment	The FMS will work under the supervision of the Project Director and will be responsible for the overall project financial management. Key responsibilities include, but are not limited to: <ul style="list-style-type: none"><li>Managing the Accounting System: to ensure coverage of all project activities, i.e. all sources of funds and utilization of funds in all activities.</li><li>Managing the Budgeting System: to integrate with the accounting system to enable comparison of actual performance with budgetary targets periodically and to ensure that financial forecasts are based on projected work programs and actual performance.</li><li>Ensuring the Flow of Funds: to process withdrawal application of IDA funds to the Government Consolidated Fund and/or Designated Account; and to ensure adequate internal control for proper utilization, management and accounting of funds.</li><li>Designing Formats/Maintaining Books: e.g. voucher formats, cash and bank books, journals, trial balances, etc.</li><li>Financial Reporting: to prepare Interim Financial Reports (IFRs); and to provide quality and timely information to BBS and IDA on the project's financial performance.</li><li>Supporting Bank Account Operation and Reconciliation: by providing advice on efficient operation and preparing monthly reconciliation statements.</li><li>Liaising with External Auditors: attending meetings; facilitating timely completion of audits; supplying information and documents in response to queries; and coordinating with various stakeholders in meeting audit objections.</li></ul> Detailed description of assignment will be available in BBS & SID website.
16	Qualification and experience	The Financial Management Specialist should have the following academic qualification, skills and experiences: <ul style="list-style-type: none"><li>Professional accounting Qualification from any IFAC body with 5 years' experience in a position no less than Deputy Director in OCAQ;</li><li>Trained on operating Financial/Accounting Software;</li><li>At least 05 (five) years of work experience in financial management in government/semi-government institutions, or with international donors implementing development projects;</li><li>Knowledge of government budgeting, fund release and reporting requirements;</li><li>Knowledge of IDA's financial management and disbursement procedures;</li><li>Excellent skills in using spreadsheet applications;</li><li>Excellent communication skills (speaking and writing) in English and Bangla.</li></ul>
17	Other details	Duration of the consultancy is initially for one year or the date of project closing which one comes earlier. Interested applicants may obtain the Terms of Reference (ToR) downloading from the website: <a href="http://www.sid.gov.bd">www.sid.gov.bd</a> or <a href="http://www.bbs.gov.bd">www.bbs.gov.bd</a>
<b>CLIENT DETAILS</b>		
18	Name of the official inviting EOI	Dr. Sheikh Harunur Rashid Ahmed.
19	Designation of the official inviting EOI	Project Director (Additional Secretary).
20	Address of the official inviting EOI	National Household Database (NHD) Project, Bangladesh Bureau of Statistics, Parishankhyan Bhaban (9th Floor, Block-1), E-27/A, Agargaon, Dhaka-1207.
21	Contact details of the official inviting EOI	Phone: 02-55007001E-mail: <a href="mailto:pd_bcd@yahoo.com">pd_bcd@yahoo.com</a>
22	The client reserves the right to accept or reject any/all Expression of Interests.	
Dr. Sheikh Harunur Rashid Ahmed Project Director (Additional Secretary)		

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