

Britain’s economy racing as lockdown lifts

REUTERS, London

Britain will expand at its quickest pace in decades this quarter after shrinking at its fastest pace in centuries last quarter, a Reuters poll found, as vast swathes of the economy have reopened following a nationwide shutdown to control the coronavirus.

Despite near-term optimism, almost 85% of respondents, 32 of 38, thought the outlook for the British economy had stayed the same or worsened over the past month, with only six saying it had improved.

The virus has infected almost 15 million people across the world and Britain has the highest death toll in Europe - despite the government forcing businesses to close and citizens to stay home.

But many restrictions have now been eased and people are emerging from their homes, returning to work and spending money again, so the economy was expected to expand 12.2% this quarter, the July 13-21 Reuters poll showed, better than the 10.5% recovery predicted last month.

That bounceback comes after an historic 18.9% contraction pencilled in for last quarter and nearly all economists who responded to an extra question said the biggest threat to the recovery would be a second wave of virus infections.

“The economy will almost certainly have imploded over Q2 as a whole. The good news is that in terms of the monthly trajectory, there is clear evidence that the economy has remained on an upward path since May,” said Philip Shaw at Investec.

“But the challenge of course is keeping the economy from running out of steam.” This year, the economy was expected to contract 9.1%, the median in the poll of over 70 economists showed, and then recover to expand 6.0% in 2021. In a worst case scenario it will shrink 13.0% this year.

Official GDP figures said the economy grew a slower than expected 1.8% in May.

To tackle the hit from COVID-19 to the economy the British government has massively ramped up spending, borrowing 128 billion



REUTERS/FILE

A shopper is seen walking past social distancing signs following the outbreak of the coronavirus disease, in London, Britain.

pounds (\$163 billion) last quarter, five times the amount during the same period last year.

But only a slim majority said the Treasury’s response had been enough - 14 of 25 respondents to an additional question said.

“The authorities have done broadly what they needed to do,” said Peter Dixon at Commerzbank.

Forming the centrepiece of the government’s support was a scheme to pay 80% of wage bills if staff were put on leave rather than let go. But that is due to close in October and unemployment was seen peaking at 8.0% in the fourth quarter.

The Bank of England chopped borrowing costs to a record low of 0.10% and restarted asset purchases. But no change in policy was expected at its next meeting on Aug. 6.

The bank rate will not rise until 2022, but an additional 70 billion pounds (\$89 billion) will be added to the BoE’s existing 745 billion pounds quantitative easing programme toward the end of this year, the poll showed.

Another risk is the expiry of Britain’s transition period with the European Union at the end of the year, after leaving more than 40 years of membership in March.

The two sides resumed talks on Tuesday but while there has been little movement what divides them. Still, the aim of reaching agreement on future ties by October is ambitious but achievable, German Foreign Minister Heiko Maas said on Tuesday.

As has been consistent in Reuters polls since the June 2016 vote to leave the EU, economists almost unanimously expect the eventual relationship will be a free trade deal.

“Failure to sign a trade agreement with the EU in 2020 will go down as a major policy error. It is inconceivable to me that the British government would be prepared to take such a risk with the economy, particularly in the current climate,” Commerzbank’s Dixon said.

“But then Brexit and a rational approach to economic policy have never been natural bedfellows.”

Want to make profits from coffee in China? It’s actually a grind

REUTERS, Beijing

Looking outside her Beijing coffee shop where seven other nearby cafes including a Starbucks compete for customers, Huang Ying is simply glad to still be in business.

In the 17 years since opening her cafe in the trendy 798 Art Zone district, making money has gotten harder - even before the coronavirus. Rent and labour costs have increased while rival after rival waded into a market that has failed to live up to expectations.

“Our profit can’t compare with the old days,” she said. “I raised prices by 10% in 2017 but that has done little to offset the jump in costs.” As a coffee market, China exerts a magnetic pull for Western brands keen to emulate the success of Starbucks Corp which has over 4,400 stores in China and is still expanding. Since last year, Canada’s Tim Hortons has opened about 60 stores in China while Italy’s Lavazza and Sweden’s Wayne’s Coffee have also made forays into the market.

Much of the optimism about China’s coffee market potential stems from just how little its consumers drink - just 5.4 cups per capita last year, compared to 341 in the United States and 591 in Western Europe, according to consultancy Euromonitor.

Chinese coffee consumption is growing at an estimated rate of around 5% annually, but coffee shop proprietors like Huang say it is more important to take note of the huge jump in outlets and cut-throat pricing.

Store openings of specialist coffee and tea shops surged 50% in 2018 and 2019, and China now has some 18,350 stores, more than triple the number in 2014, according to Euromonitor. Coffee is also now sold at many convenience stores and fast-food restaurants.

And while a regular-sized latte costs around 30 yuan (\$4.24) in China, it can be as cheap as 4.5 yuan (\$0.60) at some places with the use of discount vouchers.

This year’s admission by delivery-focused and coupon-reliant Luckin Coffee that it fabricated \$310 million in sales underscores how the coffee

opportunity in China has been exaggerated, analysts said.

“Luckin’s fraud proved that even though coffee in China is almost free, the Chinese still don’t drink much of it,” said Beijing-based independent analyst Keso Hong.

Tea is China’s main source of caffeine and outside of China’s biggest cities, buying a branded caffeinated drink to get through the day is not part of everyday life.

Bubble tea, which contains tapioca pearls, is also giving coffee a run for its money. Food delivery giant Meituan Dianping received 210 million orders for bubble tea in 2018, “far more than” coffee, it has said without elaborating.

Like Luckin, other domestic chains

Reuters requests for comment.

Starbucks, the first big Western brand in the market and now with 20 years in China under its belt, appears to be the only resounding success, having carefully cultivated its image as a premium cafe for young professionals. Some estimates put the U.S. giant’s share of China’s coffee market at as much as 80%.

Just this week, Starbucks expanded its Chinese ordering services to multiple Alibaba apps.

The newcomers have, however, wisely decided not to go it alone.

Lavazza has formed a venture with Yum China, the owner of KFC restaurants in China. Restaurant Brands International’s Tim Hortons said last year it wanted 1,500 stores in



REUTERS/FILE

A barista prepares coffee at a Greybox Coffee store in Beijing, China.

are struggling to fulfil big dreams.

Coffee Box, which focuses on coffee deliveries and raised some \$56 million in funding, has shut or suspended business at dozens of its stores. Grey Box, which offers speciality coffee, said in 2018 it wanted 12 stores in Beijing by end of that year, but has just four. Bruno Caffe has closed most stores and only two remain.

Among western firms, Britain’s Costa Coffee, which is owned by Coca-Cola, has 300 China stores according to its website, despite earlier ambitions to have had 2,500 by 2018.

The chains did not respond to

China and has gained backing from Tencent Holdings. Wayne’s Coffee signed a 15-year deal with a Chinese master franchisee.

The chains did not respond to requests for comment on their prospects.

But even teaming up with a partner is no guarantee of success given the extreme competition, analysts said.

“Undoubtedly the coffee market in China will continue to grow and consumers are becoming more habitual coffee drinkers but it is still a hard market to win,” said Ben Cavender at China Market Research.

Asia markets to open lower on pandemic worries

REUTERS, New York

Asia shares were set to open lower on Wednesday after US President Donald Trump’s comments regarding the country’s surge in novel coronavirus cases outweighed a slight rally on Wall Street.

Australian S&P/ASX 200 futures lost 1.06 per cent in early trading. Japan’s Nikkei 225 futures added 0.24 per cent, while Hong Kong’s Hang Seng index futures lost 0.34 per cent. E-mini futures for the S&P 500 rose 0.13 per cent.

Speaking at his first White House briefing focused on the pandemic in months, Trump said the virus will probably get worse before it gets better. Cases have been rising across the United States, with now nearly 141,000 deaths recorded from the disease.

Also weighing on markets were comments made earlier in the day by U.S. Secretary of State Mike Pompeo that the United States wants to build a global coalition to counter China, which he accused of exploiting the coronavirus

pandemic to further its own interests.

“Markets focused on the positives overnight,” Hayden Dimes of ANZ Research wrote on Wednesday. “However, the main near-term question for the U.S. economy is what damage has been done in July, as COVID-19 cases have surged.” US equity markets had been higher for most of the session on Tuesday, as investors cheered the European Unions creation of a 750-billion-euro recovery fund and U.S. regulators continued hammering out a new stimulus agreement.

US Republicans and Democrats remained far apart, however, on how much to spend on coronavirus relief, as Democrats called Republicans’ \$1-trillion-proposal insufficient. The US benchmark S&P 500 index turned positive for the year, hitting its highest level since Feb. 21.

The Dow Jones Industrial Average rose 159.53 points, or 0.6 per cent, to 26,840.4, the S&P 500 gained 5.46 points, or 0.17 per cent, to 3,257.3 and the Nasdaq Composite dropped 86.73 points, or 0.81 per cent, to 10,680.36.

Govt makes setting up single-member companies easier

FROM PAGE B1

The government is committed to moving rapidly from its current position of 168th in the Doing Business ranking to less than 100 within the next few years.

Because of the new changes, 50,000 new firms would be set up in the country, according to an estimate.

The changes to the Companies Act have been part of the \$250 million budget support the government has received from the WB recently.

Usually, a country has to fulfil conditions before securing budget support from the WB. Bangladesh was also supposed to meet some conditions before availing the financing in June.

But as the government needed the emergency financing, the WB softened its stance while approving the fund to help the country meet the challenges posed by the coronavirus pandemic.

It, however, called for embarking on meeting the conditions after the availing of the budget support. So, the government is working to implement them, said the finance ministry official.

Exploiting the potential for diversified export-oriented sectors as job creators will require an improved capability to attract and service new FDI and domestic investors, the WB said in a document recently.

Firms looking to establish a new business in Bangladesh must navigate a non-transparent and cumbersome regulatory

space that includes services delivered by 34 different line agencies.

“As investors re-establish but also rethink their supply chains in the aftermath of the Covid-19 crisis, addressing the onerous administrative barriers to the business formation in Bangladesh is even more urgent,” the WB said.

The archaic Companies Act, the main body of which has stood since 1913, is plagued by lack of regulatory clarity in explaining business processes, limited provision for integrating modern financing instruments and onerous business entry and exit procedures, according to the WB.

An amendment to the Companies Act was passed by the parliament in February, speeding company registration by eliminating the requirement for a company seal.

A further and more substantive set of amendments that both eliminate further administrative requirements but also address barriers that restrict entrepreneurship and prevent businesses from operating formally, limiting their access to finance and judicial protection, has received cabinet approval and is expected to be enacted this year.

These amendments cover provisions for submission of electronic documents, an extension of notification for annual general meetings and introduction of new governance related to extraordinary general meetings.

NBR plans to install more luggage scanners at ports

FROM PAGE B4

“Although using scanners will not totally stop the flow of contraband, they will act as a deterrent to smugglers,” he said.

Bangladesh registered gradual spikes in traveller movements over the last couple of years. During fiscal 2017-18, nearly 56 lakh travellers arrived through various ports in the country, posting a 10 per cent increase

from the previous year.

The number of outgoing travellers increased 5 per cent to 55.80 lakh in fiscal 2017-18, according to the NBR’s Annual Report.

In total, the country’s ports handled 7 per cent more, or 1.10 crore, inbound and outbound travellers during that period when compared to the previous fiscal year.

Int’l collaboration ensures quality of locally made medical gowns

FROM PAGE B4

“I expect this will further pave a way for export markets and bring more benefits to this country,” he said.

Toshihide Yuda, deputy managing director of K2, expressed his commitment to the project.

“I wanted to do something that would contribute to the welfare of Bangladeshi people in this difficult time, as they gave

me many great things,” he said.

“Developing safe PPE helps not only health workers but also creates new business chances in Bangladesh. Actually, I have already received positive inquiries from overseas buyers while developing samples,” he said.

It was a delight to find a niche in the market and secure jobs for workers, said SM Khaled, managing director of Snowtex Group.

and risk-based approaches, is increasingly a binding constraint to the expansion of export-oriented industries.

The country ranks 176th of 190 economies in the 2020 Doing Business “trading across borders” indicator, by far the worst-performing country in South Asia and far behind landlocked countries like Bhutan and Nepal, as well as India.

To ensure quick clearance of goods and modernise the customs administration through trade facilitation, the government has formulated the new Customs Act.

The new Act allows for more efficient trading and provides legislative coverage for critical initiatives such as the introduction of risk management and the National Single Window, including provisions for electronic information exchange, improved inter-agency coordination and strengthened governance, the WB said.

Reaching the government’s ambitious export target will depend on the development of diversified sectors, but also improved trade and environment entailing both better trade policies and improved trade facilitation, Kamal said in April.

The government recognises that several issues such as tariff policy, access to inputs at competitive price or process and clear legal basis for more dynamic border clearances require priority policy attention to foster greater integration with global and regional markets, he said.

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এজেন্টরা ঢাকা জেলা প্রশাসনের অন্য অন্যান্য মনিটরিং ও কন্ট্রোলিং শাখার সহযোগিতায় অন্য জেলায় প্রতিষ্ঠানের সীলটি ছাড়াই নিম্নলিখিত শর্ত সাপেক্ষে নথির আদান করা যাবে।				
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০২।	স্বাক্ষর সাংকেতিক সনাক্তকরণ নাম:	জেলা প্রশাসকের কার্যালয়, ঢাকা।		
০৩।	স্বাক্ষর সাংকেতিক সনাক্তকরণ জেলা:	ঢাকা।		
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