

Jobless and desperate: the post-lockdown reality for many

AFP, Paris

Many workers' lives have been abruptly upended by the coronavirus pandemic, as job losses in tourism, air travel, food and drink or other industries hit those both on fixed contracts and in the informal sector.

From employees making a comfortable living, to others just scraping by, people around the world are confronting anxiety over how to feed their families and shame at being forced to seek handouts amid growing poverty.

The IMF says that world GDP is set to plunge 4.9 percent this year from the crisis sparked by the global pandemic, and warns that low-income households and unskilled workers are most affected.

AFP met people in France, Mexico, Ukraine, Spain, Colombia and the United States, who already are, or fear they soon will be, without work and spoke of their despair, sacrifices, dashed hopes and fears for the future.

Plunged into precariousness - "I've slipped into a state of insecurity," says Frenchman Xavier Chergui, 44, who for 10 years has been a temp maitre d', filling in at Paris restaurants when they were short staffed.

The married, father of two made a monthly 1,800-2,600 euros (\$2,062-2,978), and in a really good month could sometimes earn 4,000 euros.

But as soon as France locked down, the work stopped and the family is surviving on state aid of 875 euros.

He hasn't been able to meet his monthly rent of 950 euros since

March, nor the electricity bill for three months.

Although he's managed to keep up his 250-euro car loan repayments, the family's holiday in the south west is now off the cards, he said.

"We've lost everything... Psychologically you have to cope with it," he told AFP. But his wife is suffering from depression and he is just holding out for September when he hopes business will resume -- virus permitting.

With dreams of becoming a pilot, 26-year-old Colombian Roger Ordonez had been working as a flight attendant for Avianca since 2017 but studying to get his wings. "You get used to a certain lifestyle because you have a good salary and you can travel," he said.

Govt will go to great lengths for more Japanese investment

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"Our economic zones give you the infrastructural support you need, both on and off-site, at very competitive land prices compared to neighbouring countries," said Bangladesh Economic Zones Authority's (BEZA) Executive Chairman Paban Chowdhury.

A 1,000-acre economic zone to be exclusively used by Japanese firms is being developed in Araihasar upazila of Narayanganj, which is Bangladesh's first ever economic zone under the government-to-government initiative.

Chowdhury also mentioned the fiscal and non-fiscal incentives on offer and highlighted other proactive measures such as the establishment of skills development centres at economic zones.

The total value of money expected to be invested in just three of the economic zones amounts to nearly \$17 billion, of which \$8 billion will come from foreign investment in manufacturing, he said while quoting UNCTAD.

"But beyond incentives, what is also very important is our non-stop commitment, service delivery mechanism and the speed with which we respond to issues raised by investors," Chowdhury added.

"The Bangladesh market is a strategic priority for Honda," said

Yuichiro Ishii, CEO and managing director of Honda Bangladesh, which established its first factory in the country back in 2018.

"Despite the Covid-19 pandemic, the demand for motorcycles has gone up and so have our sales and shares. Beyond export, the potential of the Bangladeshi domestic market is too big to miss," he added.

An official of the Marubeni Corporation, operating in Bangladesh since 1950s, discussed the company's profitable ventures in textile, infrastructure and fertilizer.

Marubeni's General Manager Hikari Kawai highlighted the effectiveness of joint platforms such as the Japan-Bangladesh Joint Public Private Economic Dialogue, Japan Bangladesh Society and the Japan Bangladesh Chamber of Commerce and Industry (JBCCI).

"The careful attention provided to Japanese investors and quick disposal of issues cannot be expressed in numbers," said Kenta Ono, assistant general manager of Sumitomo Corporation, which is developing the Japanese economic zone at Araihasar.

The macroeconomic stability and diligence of Bangladeshi people cannot be understated, he added.

Ono advised prospective investors to utilise the services of BIDA and

BEZA as their entry points.

The views shared through this initiative are evidence of Bangladesh's readiness as a market, said Zuena Aziz, principal coordinator (SDG affairs) of the Prime Minister's Office, in her concluding remarks.

"It was a pleasure to learn more about the experiences of Japanese businesses operating in Bangladesh. We have taken detailed notes of all your suggestions and we will speedily respond and resolve all issues," Aziz said.

There is a special appreciation for Japanese innovation and tech-driven solutions in Bangladesh, said Wendy Werner, country manager of IFC (Bangladesh, Bhutan and Nepal).

The ground for investment is also paved well with strong ties based on diplomacy and economic cooperation and IFC will continue to support private sector development in Bangladesh, as it is one of the world's most promising emerging markets, she said.

Bangladesh is not only a gateway to South Asia, but also to Southeast Asia, said Hayakawa Yuho, chief representative of JICA Bangladesh.

"It is the fastest growing economy in the Asia-Pacific region. We have witnessed Bangladesh's commitment and it will be the new frontier for Japanese investment," Yuho added.

Some thoughts on Bangladesh Bank's next monetary policy statement

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WHAT IS THE OUTLOOK FOR RESERVE BUILD UP AND WHAT IS ITS IMPLICATIONS FOR LIQUIDITY MANAGEMENT AND DOMESTIC INFLATION?

In my view, Bangladesh has an opportunity to build up reserves, if possible, up to \$0.5-\$1.0 billion per month for the next six months.

This process of accumulation will inject an additional Tk 30,000-50,000 crore liquidity to the economy.

That would be a large amount and together with the planned refinancing facility will go a long way towards alleviating the liquidity problem and deposit growth of the banking system.

My personal feeling is that inflows of remittance will nose dive after a few months once the transfer of savings by the returning workers is completed.

Many workers in Saudi Arabia and other Gulf countries are without jobs and are sending their savings.

Nobody has gone outside Bangladesh as workers after February and the outlook for the coming months is quite grim.

So we have to protect our reserves for the days when domestic demand will pick up and imports will get back to its normal growth path.

Remittances may not be available in abundant quantities at that time.

I do not believe that liquidity expansion through reserve build-up will fuel inflation under current circumstances.

There will be no need for mopping up operations through the issuance of BB bills.

WHAT WOULD BE THE STRATEGY FOR GROWING OUT OF THE HUGE UNDERLYING BUILD-UP OF DEFAULT LOANS?

The default loan situation of banks will certainly get much worse once proper reporting is resumed.

At present, banks are capitalising the unpaid interest obligations, thereby artificially fuelling domestic credit expansion to the private sector in the reported data.

The banks' default loans are certainly going to increase by at least Tk 60,000 crore or more by the end of the year.

Banks should be heavily provisioning against such an outcome and the BB should encourage and mandate the banks in going toward that approach.

The BB should not ease its macro-prudential conditions like credit reserve ratio, loans-deposit ratio and so on any further.

The central bank should prepare a contingency plan for merger, acquisition and liquidation of weak banks. It should have a strategy for dealing with massive delinquency of banks and non-bank financial institutions.

I do not support the public sector asset management company in a country like Bangladesh with serious governance problems.

This will simply allow private and public sector banks and financial institutions to dump their bad assets to this institution at inflated recoverable asset values and the government and citizens will be carrying the liabilities of the bad assets forever.

Instead, the BB should urge the finance ministry to create a regulatory framework for establishing private sector asset management companies and the financial institutions should deal with the private asset management companies without any risk/liability to the public sector.

WHAT NEEDS TO BE DONE BY THE REGULATOR REGARDING SME LENDING?

SME sector needs special attention in every country. In Bangladesh, we made SME lending virtually impossible due to the 9 per cent cap on the lending rate, with a de facto 6 per cent cost of fund.

The 3 per cent spread is not at all attractive enough for banks to lend to the SME sector, give the risks associated with such lending and the high cost of administration in managing such portfolios.

The BB has finally agreed to reduce the partial risk guarantee for SME loans at a fee of 0.5 per cent (from the originally proposed 2 per cent). This is welcome.

I believe, in this moment of crisis, more should be done to promote SME lending.

Either the BB can allow the lending cap for SMEs to be increased to 12-13 per cent or provide subsidy to the financial institutions for SME sector lending in the amount of 3-4 per cent per annum. The subsidy could come from the finance ministry or the BB itself.

Similar issues exist with regards to cottage and micro enterprise (CME) lending through microcredit institutions.

The BB should look into the problems seriously if it wants the credit to be disbursed to the CME sector expeditiously.

STIMULUS PACKAGE AND ITS CLOSE MONITORING

I welcome the initiative by the BB to put pressure on the banks to disburse most of the stimulus package related loans to affected companies within August.

While this timeframe is indicative, the BB should put in place a monitoring cell with representatives from the finance ministry, banks and the relevant sectors.

The committee should meet with sector representatives and banks every week to monitor the flow of loans based on daily reporting by banks in prescribed formats.

A progress report should be prepared by the monitoring cell and disseminate that to the stakeholders along with media every two weeks.

The progress report should review the performance of each bank by sector (SME, agriculture, large industries etc.) and also identify the impediments, if any, based on stakeholders' consultations or inputs.

The monitoring cell should also help identify whether the allocated funds are adequate for the demands of the sectors and make recommendations in this regard.

The sectoral allocations announced should be seen as starting points and the endpoints should be determined based on sectoral demands and the state of recovery of the economy and the sector.

AUTOMATION OF BB AND THE BANKING SECTOR

Finally, I would request the BB to take the opportunity of the pandemic to move fast towards paperless banking transactions and operations.

All submissions to the BB should be mandated to be done electronically and the authorities should prepare the BB infrastructure and staff accordingly.

There is no reason for banks to submit bundles of papers to the BB regularly.

The BB should set a target for making all banking-related transactions in the paperless form within three years and force all banks and the central bank staff to undertake necessary preparations in that regard.

The writer is the executive director of the Policy Research Institute

Exporters get yet another shot in the arm from govt

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Things are looking up for the apparel sector though.

In June, the final month of the immediate past fiscal year, the earnings were \$2.12 billion, according to data from the Export Promotion Bureau. June's earnings were 11.43 per cent lower than a year earlier but up 72.4 per cent from the previous month as economies in the Western world gradually opened up.

This could be why the finance ministry has held back from ceding the apparel exporters' latest demand for another round of financing in its entirety.

On the eve of Bangladesh embarking on a countrywide shutdown on March 26, the government announced a Tk 5,000-crore special package to pay the wages and allowances of export-oriented industries' workers for three months starting from April.

As the fund was later found to be inadequate, the government released another Tk 2,500 crore from the bailout package rolled out for the large industries affected by the pandemic.

Banks disbursed the amount directly to the workers' bank accounts or mobile financial service accounts.

The interest-free loan carried a 2 per cent service charge.

Two managing directors of banks preferring anonymity said they had already taken the required measures to implement the central bank's instruction.

Banks will release the funds in the quickest possible time, they said.

"We are hopeful that the commercial banks will start disbursing the salary to the workers' accounts soon as the government has set July 30 as the deadline for payment of salary to workers," said Khan Monirul Alam Shuvo, chairman of PR Standing Committee of the Bangladesh Garment Manufacturers and Exporters Association (BGMEA).

If the workers get the salary from the banks timely, it is expected that the factory owners will also pay the workers' Eid festival allowance from their own funds timely.

The government asked the factory owners of 42 sectors including garment sector to pay the festival allowance by July 27.

Mohammad Hatem, vice-president of BKMEA, is also hopeful that the workers will get the salary timely as the government gave another stimulus package.

FTA with Bhutan within a month: Munshi

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Referring to Japan's decision to move a number of its companies away from China, Munshi said that now is as good a time as any for Bangladesh to expand its reach in the international market.

A taskforce led by the incumbent commerce secretary has been formed to ensure the quick implementation of the government's decisions amid the ongoing pandemic, he added.

Although he hopes that the Covid-19 crisis will abate by the end of the year, the pandemic could provide Bangladesh with great opportunities in domestic and international trade, according to Munshi.

Meanwhile, Shams Mahmud, president of the Dhaka Chamber of Commerce and Industry (DCCI), urged the government to update policies related to foreign direct investment (FDI) in a bid to attract more financing in the post Covid-19 era.

Diversifying the country's exports is not possible without the government's support in the light engineering sector, Mahmud added. Former DCCI president Abul Kashem Khan stressed the need to conduct research on how to remove the weaknesses of FDI generation and export diversification.

He also said world trade will witness massive changes after the end of the Covid-19 pandemic.

"We need to stop over-relying on China for raw materials for the export sector," he said.

Mohammad Abdur Razzaque, chairman of RAPID Bangladesh, in a presentation said the actual impact of the pandemic on Bangladesh's GDP is not clear yet while economic disruptions have led to various socio-economic consequences.

According to him, though exports were badly hit, June's export earnings were much higher than anticipated.

Fiscal 2019-20 was particularly a usual year for Bangladesh's exports, he added.

As of total economic losses in terms of value-addition, Razzaque said \$9 billion to \$21 billion could be lost by June 2020.

The Covid-19 fallouts have cost the world economy \$3.8 trillion, or 4.3 per cent of total global GDP of \$88 trillion.

ERF President Saif Islam Dilal presided over workshop while M Abu Eusuf, executive director RAPID, and Kazi Faisal Bin Seraj, country representative of Asia Foundation, among others, spoke at the event conducted by ERF General Secretary SM Rashidul Islam.



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Notice
CIP (Export)-2021 and National Export Trophy 2019-2020.
Export Promotion Bureau invites applications from Bangladeshi exporters and exporting companies for selection of CIP (Export)-2021 and awarding National Export Trophy for the year 2019-2020 respectively.
02. CIP (Export) and National Export Trophy will be product and service-specific. According to the concerned policy guideline all products and services have been categorized into 22 sectors for CIP (Export) and 32 sectors for National Export Trophy:
CIP (Export)-2021(Product & Service sectors including sectaries required minimum export earnings in2019-2020 for application):
(1) Raw Jute (US\$ 1.5 Mn), (2) Jute goods (Jute Yarn & Twine, Jute Carpet, Jute Manufacturing) (US\$ 1.5 Mn), (3) Leather (Crust/Finished) (US\$ 1.5 Mn), (4) Leather Goods (Lather Footwear, Bag, Wallet, Belt, Jacket etc.) (US\$ 1.5 Mn), (5) Frozen Foods (US\$ 1.5 Mn), (6) Tea (US\$ 1.5 Mn), (7) Woven Garments (US\$ 1.5 Mn), (8) Agriculture Products (Vegetable, Fruits, Betel Leaf, Potato & Others) (US\$ 0.15 Mn), (9) Agro-processing (Processed Jam, Jelly, Pickle, Spices, Chips, Beaten Rice, Puffed Rice etc.) (US\$ 0.15 Mn), (10) Light Engineering Products (US\$ 0.15 Mn), (11) Pharmaceutical Products (US\$ 1.5 Mn), (12) Handicrafts (US\$ 0.15 Mn), (13) Specialized Textiles/ Home Textile (All kinds of Towels, Bath-robe, Door Curtain, Cushion Cover, Bed Sheet, Bed Cover, Pillow Cover etc.) (US\$ 1.5 Mn), (14) Knit Garments (US\$ 1.5 Mn), (15) Ceramic Tableware/Other Ceramic Product (US\$ 1.5 Mn), (16) Plastic Product (US\$ 0.15 Mn), (17) Melamine Product (US\$ 0.15 Mn), (18) Textile Fabrics (US\$ 1.5 Mn), (19) Computer Software, Computer Services, Data Processing etc (US\$ 0.15 Mn), (20) Ship (US\$ 1.5 Mn), (21) Furniture (US\$ 1.5 Mn) and (22) Miscellaneous (Electrical Appliances, Jewelry, Cotton Yarn, Hat & Cap, Toiletries, Artificial & Natural Flower & Others) (US\$ 0.15 Mn).
Exporting company will be an eligible applicant for CIP (Export) which has an export earnings (Million US Dollar) mentioned against the product.
National Export Trophy 2019-2020 (Product & Service sectors including sectaries required minimum export earnings in2019-2020 for application):
(1) Readymade Garments (Woven) (US\$ 28 Mn), (2) Readymade Garments (Knitwear) (US\$ 24 Mn), (3) All Categories of Yarn (US\$ 10 Mn), (4) Textile Fabrics (US\$ 10 Mn), (5) Home and Specialized Textiles (US\$ 20 Mn), (6) Terry towel (US\$ 05 Mn), (7) Frozen Foods (US\$ 10 Mn), (8) Raw Jute (US\$ 05 Mn), (9) Jute goods (US\$ 10 Mn), (10) Leather (Crust/Finished) (US\$ 10 Mn), (11) Leather Goods (US\$ 02 Mn), (12) Footwear (all kinds) (US\$ 04 Mn), (13) Tea (US\$ 02 ml Mn), (14) Agricultural Products (except tobacco) (US\$ 01 Mn), (15) Agro Processing Products (except tobacco product) (US\$ 01 Mn), (16) Flower & Foliage (US\$ 01 Mn), (17) Handicrafts (US\$ 0.25 Mn), (18) Melamine (US\$ 02 Mn), (19) Plastic Products (US\$ 02 Mn), (20) Ceramic ware (US\$ 03 Mn), (21) Light Engineering Products (US\$ 1.50 Mn), (22) Electric & Electronic Products (US\$ 1.50 Mn), (23) Ship (US\$ 30 Mn), (24) Other Industrial Products (US\$ 02 Mn), (25) Pharmaceutical Products (US\$ 02 Mn), (26) Computer Software (US\$ 02 Mn), (27) 100% Bangladeshi Ownership (C' category) Readymade Garments (Woven & Knitwear) Industry of Bangladesh Export Processing Zone (US\$ 30 Mn), (28) 100% Bangladeshi Ownership (C' category) other products & Service Sectors of Bangladesh Export Processing Zone (US\$ 10 Mn), (29) Packaging and Accessories Product (US\$ 04 Mn), (30) Other Primary Product (US\$ 0.50 Mn), (31) Other Service Sector (US\$ 02 Mn) And (32) Reserved for Women Entrepreneurs/ Exporters involved in products & services manufacturing and trading (US\$ 0.50 Mn).
Exporting company will be an eligible applicant for National Export Trophy which has an export earnings (Million US Dollar) mentioned against the product.
03. The prescribed pro-forma are available at Export Promotion Bureau's Website (www.epb.gov.bd). Bureau's Head Office at Commodities Division in Dhaka, Regional Offices at Chittagong, Khulna, Rajshahi and Branch Offices at Cumilla, Sylhet and Narayanganj as well as offices of The Federation of Bangladesh Chambers of Commerce and Industry, Bangladesh Chamber of Industries, Metropolitan Chamber of Commerce and Industry, Dhaka Chamber of Commerce and Industry and Divisional Chamber of Commerce and Industry Chittagong, Khulna, Rajshahi, Barisal, Sylhet and Rangpur. Prescribed Pro-forma may also be obtained from Export related Product Associations of Bangladesh. Exporters of 'C' category of all Export Processing Zones may apply in the prescribed pro-forma available at Bangladesh Export Processing Zone Authority (BEPZA), Dhaka including the mentioned offices of EPB, Chambers and Product Associations. Application Form will be available and to be submitted from 1st August, 2020 to 31st August, 2020 during office hour.
04. The intending applicant should submit certified copies in support of payment of their taxes from concerned tax offices and also certified copy(s) issued by the concerned Commercial Banks) in favor of the applicant who had not been declared as defaulter up to last year.
05. The exporting company under group may apply citing export income, name of the product and other related information of individual units of the group along with incorporation certificate.
06. Application has to be submitted product wise, if any unit deals with more than one product.
07. To treat the Export earning figures as authentic and final as provided by the True Single Source in the Online Export Monitoring System of Bangladesh Bank.
08. Application for CIP (Export)-2021 and National Export Trophy 2019-2020 to be submitted separately as per prescribed pro-forma. Application in prescribed pro-forma duly filled in and signed and must reach in Export Promotion Bureau to the undersigned on or before 31st August, 2020. No application will be accepted after 31st August, 2020. For more information, please contact with the Export Promotion Bureau.

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