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## No progress in 10 years in relocating hazardous businesses

Authorities busy extending timeframes and expanding budgets

IT is infuriating, to say the least, that 10 years after the chemical-induced devastating fire that claimed 126 lives, the government has made very little progress in relocating the precarious chemical businesses and warehouses from Old Dhaka, despite undertaking four projects—and spending considerable money—as part of the relocation plan. A recent report by this daily highlights how, a decade later, these projects are still at the initial stages, with the only notable development being the sharp escalation of costs—from Tk 686 crore at the beginning to around Tk 2,667 crore currently, according to project documents. The project undertaken in 2011 to establish a chemical industrial park at Boalkhali village in Munshiganj’s Sirajdikhan upazila is nowhere near completion, and while initially, the plan was to establish the park on 20 acres of land, it has now expanded to a whopping 308 acres of land.

And while the bureaucrats and developers were busy extending their timeframes and lining their pockets, another fire that could have been circumvented took 80 lives in February of last year. Then, too, the government made promises to set up temporary warehouses for chemical businesses immediately—except, one and a half years have passed, but these warehouses are nowhere near ready. Meanwhile, our correspondents report that hazardous businesses are now spread out throughout Old Dhaka, risking hundreds of thousands of lives. The general secretary of Bangladesh Chemical and Perfumery Merchants’ Association, admitted that 2,000 shops were still operating in Old Dhaka as the government is yet to provide them with plots, as promised under the MoU signed in 2017.

The highly ambitious and costly projects of the government have little value to citizens unless they are implemented before more tragedy strikes. We have already lost too many lives in accidents that were preventable—deaths that ought to weigh heavily on the conscience of the state. Extension of deadlines and expansion on budgets have become the custom when it comes to development projects, with rampant misutilisation of funds, failure to conduct proper feasibility tests, flouting of rules and regulations, and various other inefficiencies plaguing and slowing down crucial endeavours. Even the planning minister has, on multiple occasions, expressed his own frustration at the state of affairs.

We urge the government to immediately evaluate the status of these delayed projects and pinpoint why it is taking so long, and costing so much, to deliver on what has been promised to the people of Old Dhaka. If another fire breaks out in the area because of the negligence of our authorities, they will not be able to shirk their responsibilities by claiming it was an “accident”.

## Livelihoods of indigenous communities under threat

Strict laws must be implemented to protect their rights

A recent report published in this daily sheds light on the worrying situation faced by several indigenous communities in Moulivibazar’s Kulaura upazila. Despite the struggle for survival amidst the pandemic, a coterie of people plotted to attack their only source of income—betel leaf gardens—four times in the last seven months. Prior to the attacks, the communities were asked to vacate around 300 acres of their ancestral land on which they have been living and cultivating betel leaf for generations.

For the betel leaves to be plucked, a plant needs to be nurtured for two to three years. And since the series of onslaughts on the gardens, 2,450 mature plants have been ravaged. With such an agonising loss, the livelihoods of the already vulnerable communities are at risk and they face severe financial crisis. And the reoccurrences of such attacks remain very much likely. What is shocking is the fact that despite being caught red-handed, the residents of the village Fakhrul Ali—released in exchange for a bond following an arbitration—along with his accomplices Khairul Mia, Rafiq Mia and others, against whom a case was filed with Kulaura Police Station, all remain at large.

We have witnessed earlier how minorities and ethnic communities have been attacked, their properties damaged and, in some cases, their land grabbed, by people in positions of privilege and power, with impunity. We condemn such intolerable acts which disrupt communal harmony and destroy people’s lives and livelihoods. Under no circumstances should they go unpunished. Legal action demands to be taken against the miscreants immediately. It is the government’s responsibility to ensure that the police, along with the local administrators, do not protect the perpetrators but rather the indigenous and minority communities who are already under tremendous economic and social pressures.

### LETTERS TO THE EDITOR

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#### DSCC’s move to relocate dogs unjust

Many of us have seen the human chain organised recently by a large group of animal lovers against Dhaka South City Corporation (DSCC), protesting the authorities’ decision to relocate stray dogs. The Animal Welfare Act prohibits anyone from killing or moving stray animals from their natural habitat. Then why would DSCC take such a move when the law is still in place? Such a decision is truly shocking to say the least.

Mehrin Karim, by email



SHUPROVA TASNEEM

year 64, this image comes to mind when we look at Trump and Bolsonaro’s (mis) handling of the coronavirus pandemic in their respective countries.

In the early days of the pandemic, there was a phrase that was thrown around a lot—the “flattening of the curve”. Basically, this is a public health strategy to slow down the spread of coronavirus—in a visual representation of the number of people infected within a country, the rate of infection will rise until it reaches a peak, after which, when safety measures such as lockdowns and social distancing start to kick in, it will even out, and eventually, the cases will begin to drop. If you look at the trajectory of the pandemic in the US, you will see a frightening trend where the pandemic looks like it is likely to peak around end April, largely evens out in May and then starts to shoot up in June, reaching record highs in July and August. This clearly demonstrates a failure in US policy. According to a *Financial Times* report from July 17, “public health experts say the recent surge in virus cases is a direct result of the reopening in April and May of several states where the coronavirus case count was still climbing, albeit from a relatively low base.”

In Brazil, the data is downright weird—a record high of almost 71,000 cases on July 29 is followed by less than 18,000 cases on August 3, with a spike to over 56,000 newly infected the very next day. The data is erratic throughout and there seems to be no letting up of this trend, which points towards flawed reporting. This is backed up by the fact that by April, patients using the public health network in Brazil were only being tested if they were hospitalised

with severe symptoms, according to *Al Jazeera*. A *New York Times* report detailed the coronavirus data related fiasco in early June, when the Brazilian health ministry came under furious criticism for taking down the website that reported cumulative coronavirus numbers, only to be ordered by the country’s Supreme Court to reinstate the information. The Brazilian case illustrates a unique problem that seems to have risen in the middle of the pandemic—a lack of transparency regarding Covid-19 related data in countries that tend to have weak democracies and inefficient or corrupt institutions. This theory was tested by *Al Jazeera* in a detailed report, where they used Transparency International’s Corruption Perceptions Index and the Economist Intelligence Unit’s Democracy Index as lenses through which to view the number of reported cases, and found “striking differences in the number of confirmed Covid-19 cases that those nations deemed transparent and democratic reported compared to the numbers reported by nations perceived to be corrupt and authoritarian.”

This in no way means that we can’t place our faith in data; if anything, it tells us we need it more than ever. As can be seen from the examples of Brazil and the US, the data will eventually lead you to the bigger picture when you view it from various angles and attempt to contextually analyse it. In terms of the coronavirus curve in South Asia, it is clear that India is still on its way to reaching its peak—with over 84,000 new infections on September 3, it is now being described as the new epicentre of the global pandemic. In Pakistan, the curve seems to have flattened out, with cases falling from a peak of almost 6,000 new cases per day in mid-June to less than 500 per day in late August. In Bangladesh, there is perhaps reason to be cautiously optimistic, since our curve seems to be heading in the same trajectory, albeit at a slower rate—in mid-June, we saw up to 4,000 infected per day, but are currently getting around 2,000 new cases of coronavirus per day.

However, there is a huge catch here. While in both these nations, testing has increased as the pandemic progressed,

Bangladesh is the only country that actually reduced testing when the pandemic was at its peak. This rings a lot of alarm bells with regard to underreporting. If you look at the global data on the rate of testing per million of the population, India ranks 120th in the world, Pakistan is at 150 and Bangladesh stands at 159. In fact, the severity of underreporting was highlighted by the health authorities themselves—in the preliminary findings of a cross-sectional study jointly conducted by IEDCR and icddr, in the capital between April 18 and July 5, it was found that nearly 20 lakh Dhaka residents could be Covid-19 positive, with roughly 78 percent of them being asymptomatic.

Another factor to take into consideration is the positivity rate, or the percentage of all coronavirus tests performed that are actually positive. While Pakistan also has relatively low rates of testing, its positivity rate is currently at 1.7 percent. In May, the World Health Organization (WHO) recommended that the positivity rate remain below five percent for at least two weeks before governments consider relaxing Covid-19 measures. The positivity rate in Bangladesh has been at an average of 16.7 percent over the last week. In comparison, India, one of the worst affected countries in the world right now, has a positivity rate of 7.7 percent. The only countries in the world that are worse off than Bangladesh in terms of the positivity rate can be counted on one hand (almost)—Mexico, Colombia, Bolivia, Argentina, Paraguay and Iraq.

It doesn’t take a data scientist to understand that this scenario is hugely distressing for Bangladesh. Which is why it beggars belief that the government has gone ahead with its decision to relax Covid-19 measures. According to WHO guidelines, it is very clear what needs to be done when a country has a high positivity rate—increase testing, enforce strict regulations regarding wearing masks, ensure physical distancing and avoid large gatherings, especially in enclosed spaces. While it is encouraging that the number of tests have gone up in Bangladesh in recent days, we are still getting fewer tests

done now than we did in June. Without a clear picture of the Covid-19 related data, especially in terms of the extent of the spread of the virus, how can we ever formulate coherent policy during the pandemic, which is clearly far from over for us?

It is true that the youthful population of Bangladesh means that compared to many other countries, our death rates are lower (although we must also factor in underreporting in the case of deaths as well). It is also true that to keep the economy from crashing and to prevent those employed in the informal and other low-wage sectors from being pushed into destitution, it is not possible for a country like Bangladesh to be in perpetual lockdown. But that in no way explains why we would lift all restrictions on public movement and mass gatherings. We have already seen reports on how public transport services are not following government health safety directions. Much like the attempt at localised lockdowns, social distancing rules and the wearing of masks (which is mandatory by name only) are also fizzling out. Yet these measures have been proven to be essential to preventing community transmission of Covid-19.

There is enough evidence from around the world that a premature relaxation of restrictions can only lead to increase in infections that become more difficult to contain. If we don’t let go of this lethargic approach to the pandemic—remember the health minister casually assuring us that coronavirus will leave the country on its own eventually?—it will take us months before we can even come close to flattening the curve. Whatever gains we have made since the pandemic began will be reversed, and all our efforts will have been for nothing. The recent fiascos over fake Covid-19 certificates and rampant corruption in the health sector has already reduced public trust in the authorities. The continued mishandling of the pandemic is a mistake they can ill afford at the moment.

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## Trade policy overhaul critical for post-pandemic recovery

ZAIDI SATTAR

THE year 2020 will be recorded in history as the year when the world population lived dangerously—under the onslaught of an unknown killer virus that did not discriminate between rich or poor, developed or developing countries. The health pandemic is compounded by the consequential economic aftermath that has left the global economy in disarray. Covid-19 is the trigger for a present crisis comparable to the Great Depression of the 1930s.

What is now certain is that the negative shock to global output and trade is going to be deep and widespread in 2020—trade could be down 12-32 percent, according to WTO. The crisis has hit hardest regions that are our leading export destinations—USA, EU. Our exports are already down 17 percent in FY2020, though merchandise trade (export and import of goods) is down only 2 percent, after reaching a total of USD 95 billion in FY2019. There is too much uncertainty riding on our expected recovery in FY2021.

Trade is the means through which our economy integrates with the rest of the world. In light of the global shock in output and trade, the big question is, can our exports recover without a big shake up in our trade policy. Trade policy is also at the centre of the debate about what works and what does not in our quest for the elusive goal of export diversification.

Our producers have a binary choice between selling in two markets—export market or the domestic market, except for RMG producers who are mandated to export only. To illustrate, export subsidies or other support mechanism (e.g. concessional loans for export) create incentives for production geared to the export market. Likewise, policies that tax or restrict competing imports create incentives for production of import substitutes for domestic sale. When the balance of incentives favour exports, trade policy is export-oriented. When tariffs (that raise prices of imports and import substitutes) and import restrictions (to reduce import competition) make sale in the domestic market more profitable than exports, the incentive regime is biased in favour of import substitution. The bottom line: to incentivise export, the price received from export must be higher than what the producer were to receive from selling that product in the domestic market.

PRI research confirms that despite the widespread presumption that export is highly incentivised by cash subsidies and other support measures, high tariff

protection given to import substitute production raises profitability of domestic sales well above incentives given to exports. Result? The price an exporter receives for his/her product is much less than what the domestic market has to offer. That indeed is the crux of the trade policy dilemma in Bangladesh.

Covid-19 pandemic has exacerbated the trade part of the economic shock. Is trade policy up and ready to cope with the trade-related developments and also provide the impetus to fuel rapid economic recovery once we have gotten a handle on controlling the virus and returning life to normalcy?

All international agencies predict a sluggish global economic recovery. The projected global slowdown (which is

in Japan, Australia and New Zealand. East Asia and Pacific, with a market size of USD 22 trillion (larger than EU or USA) is now an export destination to fight for.

In this backdrop, a revamped trade policy for stimulating post-pandemic economic recovery should take the following route, beginning with the recognition that we have essentially two trade policy tracks, one for RMG exports and another for the rest. RMG operates in a “free trade” enclave (zero tariffs), nearly immune to the high tariff and protection regime that creates significant anti-export bias for non-RMG exports. That is the crux of the problem. This trade policy dualism has got to change. Unless trade policy for non-RMG exports is brought to par with RMG, export diversification has no



beyond our control) could dampen import demand for Bangladesh exports in major markets, with significant impacts on RMG exports.

But all is not lost in a global economy that is constantly evolving. First, the “Walmart effect”—a term used to refer to the economic impact felt by local businesses when a large company opens in the area—could sustain demand for basic garments to prop up RMG exports. Second, Bangladesh stands to capture export demand as a fallout from US-China trade tensions. Third, for non-RMG exports of Bangladesh, where export market shares are infinitesimal, demand is not a constraint, ensuring export incentives and competitiveness are. Fourth, China has offered duty-free access to Bangladesh for over 90 percent of tariff lines with similar facilities already

chance. Until such time as we can unify the two tracks of trade policy, our only option is to revamp the twin tracks of trade policy for post-pandemic recovery, along the following lines:

First, the biggest challenge to export diversification comes from the high protection regime in the domestic economy. The problem with non-RMG exports (firms are not 100 percent exporters), like footwear, plastic, agro-processing products, light engineering, is that domestic tariff-induced protection is so high, making domestic sales so profitable, that exporting is not an attractive option. To get any traction on export diversification, this perverse incentive system must be turned around. The over-arching challenge in future trade policy lies in making exporting activity more attractive than selling in the

domestic market. But that is easier said than done.

Second, prepare a vigorous plan for geographical diversification to break into new markets in East Asia and the Pacific (e.g. China, Japan, S Korea, Australia, New Zealand).

Third, all out measures will have to be undertaken to enhance export competitiveness, based on comparative-advantage-following (CAF) strategies, including improved trade infrastructure, access to finance, ease of doing business, and so on. Until such time as the two trade policy tracks are brought to par with each other, all non-RMG exporters will have to be given bonded facilities to get world-priced (zero-tariff) imported inputs in order to compete on a level playing field.

Fourth, while recognising that RMG export prospects globally are not fully exhausted, efforts should continue to improve competitiveness by raising quality, efficiency, productivity, and compliance in the RMG sector and its backward linkage industries.

Fifth, as part of the export diversification strategy, diversify into intermediate goods production for exports (e.g. automotive and electronic parts and components) by vigorously seeking FDI to integrate with global value chains (GVC). Emulating Vietnam’s experience would be worthwhile.

Finally, robust export performance requires two common traits for the exchange rate: (a) flexibility, and (b) strict avoidance of overvaluation. Recognising that it would be well-nigh impossible for the economy to export and grow its way out of the Covid-19 slump with an already proven overvalued exchange rate, the crisis presents a timely opportunity for “compensated” depreciation of the exchange rate (i.e. depreciation associated with complementary measures to neutralise inflationary or other negative effects) to give a boost to post-pandemic export performance and its diversification.

A crisis is a terrible thing to waste. Following the political-economic crisis in 1990, Bangladesh launched the deepest trade policy reforms in its history, indeed completely changing direction from an inward-looking restrictive trade policy to an outward-looking export-oriented one, that paid huge dividends in terms of trade and export expansion, growth acceleration, and poverty reduction. The current health-cum-economic crisis presents yet another opportunity for changing course and revamping trade policy to fuel a robust recovery.

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