

Help industries access financial support, continue health safety momentum

BGMEA President Rubana Huq says in an interview with The Daily Star

STAR BUSINESS REPORT

It has been six months since the pandemic hit the nation, throwing Bangladesh's economy, life and livelihoods into a crisis. The Daily Star interviewed business leaders, executives and analysts by emailing them questions in an effort to use the feedbacks in highlighting the real situation and realisations on the ground.

Garments account for over 85 per cent of the country's export earnings. Here are some thoughts of Rubana Huq, president of the Bangladesh Garment Manufacturers and Exporters Association (BGMEA).

From an overall perspective of the economy, what have we gained and lost?

There is nothing to gain from this disastrous situation that has been brought on by Covid-19. It is total mayhem and an apocalypse. Trade and business are going through a depressing time which was last seen during World War I.

However, we can only say that this has taught us how to cope with this type of pandemic and awaken our conscience. Covid-19 is not over yet and according to scientists, there might be

When Covid-19 put lives and livelihoods in a war-like situation, it was absolutely crucial for us to brave it out and go for reopening. There were criticisms, but we did it and we did it by following strict health protocols and following other precautions like adopting gradual reopening.

The other thing that was really very timely is the announcement of the salary support loan package by the honourable prime minister at the end of March. Had we not received this support, it would have been a completely different and chaotic scenario today.

The other steps which have really paid off is our die hard engagements with the buyers who cancelled orders, and get them back on the negotiation table, which is why today 80 per cent to 90 per cent of the \$3.18 billion cancelled work orders have been reinstated.

What went wrong?

Covid-19 has bought a war-like situation in many countries and in a war, there is nothing called right or wrong. We were trying every avenue to survive and learning from mistakes. Before judging whether we did right or wrong,



Rubana Huq

the garment sector of Bangladesh started opening up on a limited extent from April 26.

In order to protect the health and safety of our workers, the BGMEA has adopted a safety protocol prepared in consultation with International Labour Organization and the director general of health of the Bangladesh government.

This guideline has been circulated among all the member factories and factories are only allowed to resume their operation upon ensuring all of the measurements. Any worker showing symptoms of the coronavirus can take leave from the factories without worrying about their livelihood.

The safety protocol provided by the BGMEA has clear instructions regarding operational phases, social distancing, entrance protocol, sanitation and disinfecting, training and good practices. With an aim to maintain social distancing at the workplace, factories started production with only 30 per cent to 55 per cent of the total workforce.

What have you done to utilise consumers' new habit of buying from digital marketplaces?

From the BGMEA, we are constantly discussing and highlighting the importance of virtual marketplaces. We have already held discussions with the central bank and other authorities.

What is interesting to note is that there are certain policy incompatibilities to go for virtual marketplaces on a mass scale, so we are conducting an exercise on the policy predicaments and measures to be taken to address them.

What is your take on government responses to help businesses overcome the situation?

The honourable prime minister of Bangladesh announced a stimulus package worth Tk 5,000 crore for the export oriented industries, including the garment sector, which injected a breath of hope for the devastated exporters and businesspeople.

Because of that salary support, factory owners have been able to pay salaries of their workers even though production was fully shut down. It is still very soon and uncertainties remain over predicting whether there will be a second wave or not and how dire the situation will turn out to be.

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Covid-19 has unleashed many truths which were never uncovered, some of those are about our internal deficiencies and some of those are about how we deal with our stakeholders with proper policy measures

we did not even have any backup to respond to an emergency crisis situation. This pandemic has also shown us our overdependence on the garment sector and the need for immediate diversification.

What was the impact on businesses and jobs?

The pandemic of the century, Covid-19 has been taking its toll on lives and livelihoods since last December. In case of Bangladesh, by far the sector hardest hit by the coronavirus is the garment industry. In order to curb the spread of the virus the factories were shut down for almost a month.

According to conservative data, excluding the goods that are scheduled to go to multiple buyers, 1,149 factories have reported export cancellations or suspensions worth of \$3.17 billion, most of which have been reinstated later.

On one hand, the supply chain of raw materials from China has been heavily disrupted; on the other hand, due to the lockdown in Europe and the US, garment export has witnessed a sharp decline.

Some 4.1 million workers who are the fuel of this industry are in a vulnerable position due to the order cancellations and deferred payments. If a factory is forced to shut down

because of order losses, it puts the workers on the risk of being furloughed/laid off.

However, at this point I think it is safe to say that we have passed probably the toughest time and we have been able to survive without any massive layoffs.

What were the responses of businesses and your organisation?

After being closed for almost one month, which can be associated with a million dollars' worth of export losses and overdue payments,

At this point I think it is safe to say that we have passed probably the toughest time and we have been able to survive without any massive layoffs.

a second or third wave of contractions stronger and calamitous than this.

We can only use our experience gained from the situation and use it to strengthen our recovery process.

What did we do right?

After detecting the first Covid-19 patient on March 8, the government of Bangladesh announced a nationwide general leave from March 26 onwards, and the garment industry aligned itself with it. That immediate shutdown might have saved us from a disastrous situation that many developed countries had to face in terms of deaths and affected ratio.

it should be remembered that none of us had any prior experience to confront this type of situation.

Obviously, we could have done things better and there was room for improvements. Undoubtedly the policy support we got from the government of Bangladesh supported us at that moment. However, issues regarding access to working capital and access to credit could have been extended at simpler terms so that the industry could have benefitted out of it.

We have also learnt of a number of drawbacks like a lack of proper contractual protocols between buyers and suppliers, and

Millers for limiting raw jute export citing flood losses

STAR BUSINESS REPORT

Jute millers yesterday urged the government for restricting raw jute export to contain price spikes of the natural fibre saying that high prices would increase cost of jute goods and affect exports.

The millers demanded that the government impose an export duty of \$250 on each tonne of raw jute to curb shipments and divert their flow to meet requirements of the local mills.

increasing since the beginning of harvest early last month.

The highest quality or grade of jute, used mainly for making yarn, was selling as high as Tk 2,700 per maund at markets in producing zones this week, said Md Shahid Hossain Dulal, owner of Progress International, an exporter and supplier of raw jute to mills.

Those of the lowest grade was selling at Tk 2,200 per maund, he said.

Millers said jute prices reached the



They also wanted a complete ban on export of certain types of jute termed as uncut/Bangla Tossa Rejection/Bangla White Rejection to increase their availability in the domestic market and contain price hikes.

"Otherwise, we apprehend that the jute mills will shut down," said Bangladesh Jute Spinners Association (BJSa) and Bangladesh Jute Mills Association (BJMA) in a joint statement made at a press conference at the Lakeshore hotel in Dhaka.

The demand came amidst prices of the natural fibre soaring in the wake of crop losses resulting from floods and inclement weather.

The BJSa and BJMA said farmers roughly produce 75 lakh bales of jute a year but because of crop losses, production would be 55 lakh bales this year. This is 5 lakh bales short of the 60 lakh bales annually required by the jute mills, they said.

As a result, prices of jute have been

highest Tk 2,300-Tk 2,400 each maund last year.

"Supply and prices of raw jute should be kept within a tolerable level to protect the industry," said BJSa Chairman Md Zahid Miah.

The BJSa and BJMA said raw jute accounts for 75 per cent of raw materials of jute goods. Hence, prices of jute products depend on the prices of the raw fibre.

The production cost will increase and if prices go up too high, buyers will move away from jute.

This will be dangerous for the jute industry, said BJMA Chairman Mohammed Mahbubur Rahman Patwari, urging for imposing the export curbs.

Over the past decade the government slapped bans on jute export several times, including on uncut Bangla Tossa Rejection and Bangla White Rejection.

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Stocks snap five-day gaining streak on profit booking

STAR BUSINESS REPORT

Stocks listed with the Dhaka and Chattogram bourses went through some corrections yesterday after a five-day gaining streak thanks to the profit booking tendency of some investors.

DSEX, the benchmark index of the Dhaka Stock Exchange, dropped 6.63 points or 0.13 per cent to 4,971.68 yesterday.

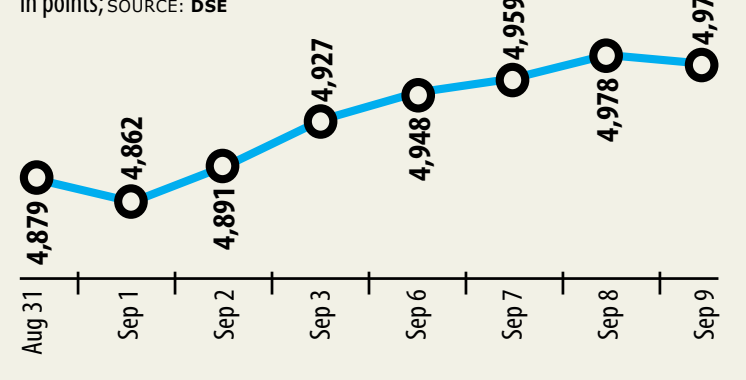
Just before the fall, the DSEX increased by 116 points or 2.38 per cent over the previous five working days. Turnover, another important indicator of the stock market, fell 9.49 per cent to Tk 1,077.97 crore yesterday.

Many investors tried to book profits as stocks of many companies have seen a rise by 10-15 per cent in the last 5 working days, said a stock broker.

It is normal for the index to fall after rising at a significant rate for few days but the important thing is that turnover is hitting the Tk 1,000

Stock index in the last two weeks

In points; SOURCE: DSE



core-mark every day, he added.

Of the total stocks, 165 advanced, 147 declined and 43 were unchanged, according to DSE data.

Among major sectors, general insurance, telecom and fuel and power sectors experienced price appreciation while NBFI, cement and IT industries face price

corrections, according to the daily market analysis of UCB Capital Management.

Most listed companies disclosed that their earnings took were hit by the pandemic but the impact was not as devastating as it was thought to be, said a merchant banker.

On the other hand, new

leadership in the stock market regulator also played a vital role in reviving confidence among investors, he said.

"That is why the index bounced back," he added.

Fareast Finance topped the gainers' list yesterday with a 10 per cent rise followed by Asia Pacific Insurance, Islami Insurance, Paramount Insurance and Fine Foods.

The DSE's turnover list was topped by Beximco Pharmaceuticals, which traded shares Tk 104 crore worth of shares while Beximco, Brac Bank, DBH and Square Pharmaceuticals followed.

Pragati Life Insurance was the biggest loser with a 9.93 per cent fall followed by Shyampur Sugar, Jute Spinners, Zeal Bangla and Savar Refractories.

The port city bourse also fell. The CSCX, the benchmark index of the Chattogram Stock Exchange, dropped 22 points or 0.25 per cent to 8,549.19.

ICAB, NBR join hands to verify audited financial statements

STAR BUSINESS DESK

The Institute of Chartered Accountants of Bangladesh (ICAB) is jointly working with the National Board of Revenue (NBR) to develop a document verification system (DVS) to authenticate audited financial statements.

The step was taken to root out unscrupulous business organisations that use doctored reports to evade corporate tax, the ICAB said in a statement.

"The DVS will definitely help NBR officials authenticate audited financial statements," said Abu Hena Md Rahmatul Muneem, chairman of NBR.

"More financial information may be included in the system so that in a greater aspect, we can verify the documents," he said during a meeting between the officials of ICAB and NBR at the NBR's conference room on Tuesday.

DVS is an application under which a document verification code (DVC) will be automatically generated by the system after the submission of some specific information by the auditor.



Abu Hena Md Rahmatul Muneem, chairman of the National Board of Revenue, and Muhammad Farooq, president of the Institute of Chartered Accountants of Bangladesh, attend a meeting at the former's office in Dhaka on Tuesday.

ICAB

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