Remittance growth at risk, inflow expected to remain resilient

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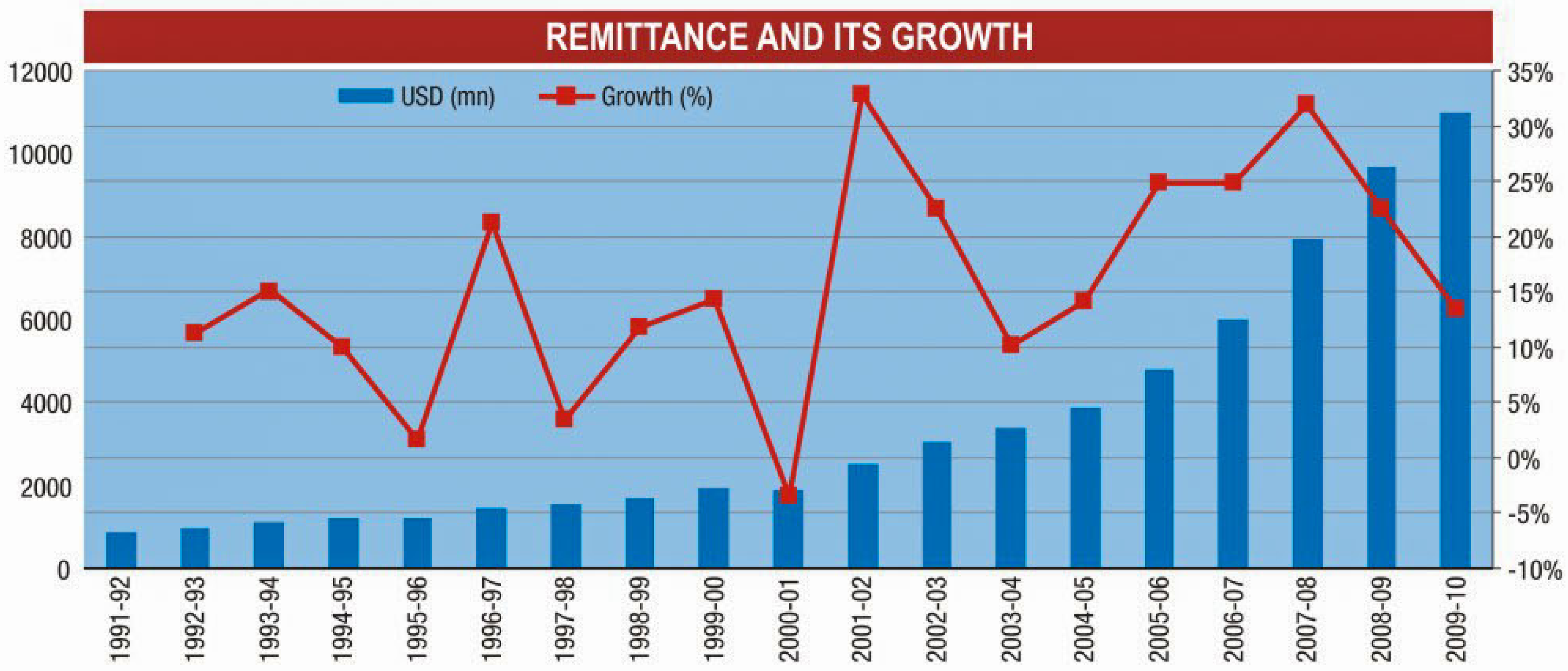
Not more than two hundred years, during British regime in the subcontinent, some Bangladeshis migrated for a short-term to Great Britain and America for trade and higher study. The flow of migration, however, got momentum in the mid-twentieth century. After independence, people started to migrate to various other destinations. The oil exploration impetus in the Middle East in the late 1970s had been a blessing for unskilled labours in Bangladesh. Then, the flow of labour to the Middle East and North Africa increased due to tremendous demand for unskilled workers. In the late 90s, East Asia and the Pacific region (that is Singapore, Malaysia, South Korea, and Brunei) emerged as new destinations.

What was an exodus of the poorest people from a newly born developing nation to meet the basic needs of the home family has turned quickly into a major component of current transfers in the name and fashion of 'remittance'.

For Bangladesh, remittance is among the largest and most stable sources of foreign exchange now.

The developmental impact of remittance has been enormous, especially to finance household consumption as well as education and health expenditures. More than 5.5 million expatriates, comprising of around 3.5 percent of the total population, are our pride for making Bangladesh the 7th top recipient of migrant remittance. Remittance inflows as a percentage of our country's GDP is hovering around 10 percent for the last few years.

We expect remittance inflow to remain resilient in the near future. Remittance is sent by the cumulated number of migrants over the years, not by new migrants over the last year or two. This makes remittance persistent over time



Robust remittance inflow in recent years (annual average growth of 20.2 percent in fiscal 04-FY10) has been helpful in maintaining the current account surplus, despite widening trade deficit. Remittance has to grow to support our demand for internal growth financing.

Lately, external shocks are coming in the form of a price level hike of commodities. Oil prices increased 22.5 percent since January. Even though the price of oil has seen a reversal in early 2009 along with global economic recovery, the increase is now being accelerated after Middle East crisis. Our new power plants (more than 1,000 MW) will be adding pressures on import payments along with commodity price increments in international markets. That is why remittance growth is much needed for Bangladesh to safeguard our current account deterioration in coming days.

However, migrant worker deployment from Bangladesh has been falling steadily since the onset of the global crisis in September 2008. The growth of remittance to Bangladesh has also slowed considerably in the last two years. This is mainly because of low demand for migrant labourers to the Middle East in 2009/10.

Saudi Arabia was reluctant to take new workers in the last two years. With this, in early 2011, political turmoil in Northern Africa (Libya, Egypt and Tunisia) put us in a challenge. Japan, on the other hand, experienced an earthquake and tsunami, causing widespread destruction countrywide. These all put remittance growth at risk.

In terms of maintaining an inflow of remittance, these events are not major concerns for Bangladesh, as Northern Africa and Japan comprise a meagre 0.3 percent of total remittance. However, prolonged Middle East turmoil can be a great concern for Bangladesh as more than 65 percent of our remittance inflow is form there.

In the last two years, more than 50 percent of the total departure was to UAE; 9.6 percent to Oman. So, remittance growth is now dependent on the strategic shift to other destinations with professional/semi-skilled/skilled employees. Till date, 52.63 percent of our total migrants are unskilled, 14.59 percent semi-skilled, 30.24 percent skilled and rest 2.54 percent are professionals.

We should think thoroughly about emigration of skilled/semi-skilled (especially skilled RMG workers, housekeepers, trained technical workers and skilled professionals) individuals to different destinations. The government should think about extensive training for the unskilled populace, to make them adept in technical knowledge.

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On the other front, a returning migrant from Libya, Egypt, Tunisia, Japan or any other affected country is likely to take back accumulated savings home, which will keep remittance inflow high in the coming months.

Sometimes, tightening border controls and a fear of unemployment back home may encourage migrants to stay abroad longer. Those staying will continue to send remittance. The emerging economies of the Middle East and North Africa and those in sub-Saharan Africa enjoyed only small declines in output after global recession.

So, the existing remittance hubs are decoupled from much risk, from an economic point of view. Advanced economies are slowly, but surely, recovering. With this recovery, Bangladesh's remittance from the advanced countries will increase.

The good news is that, remittance from Malaysia, UK, USA (comprising more than 30 percent of total remittance) is increasing with global recovery. After a decline in the last three years, Saudi Arabia is now looking to boost manpower recruitment from Bangladesh. With these developments, the government should think to pull migrant savings by making saving instruments for migrant (like the Wage Earner Development Bond) more attractive.

The government has already identified new job markets, like Australia, New Zealand, Russia, Canada, Sweden, Sudan, Greece, Congo, Estonia, Tanzania, Liberia, Algeria, Azerbaijan, Papua New Guinea, South Africa, Anglo, Nigeria, Botswana and Sierra Leone.

The foreign ministry and labour and employment ministry should uplift efforts to find effective ways of sending more labourers to these destinations. A prudent foreign policy and diplomacy is a must in maintaining our present status of remittance and strengthened balance of payments.

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In land of Don Quixote, wind turbines dot landscape

AFP, *Maranchon, Spain*

In the middle of the Spanish countryside 104 giant white windmills set against shrubs and haystacks sweep the sky day and night, providing electricity for 600,000 people.

A constant hum can be heard in the nearby town of Maranchon as the blades turn on the windmills, perched as high as a 23-storey tower block, casting shadows on the surrounding plain.

The windfarm located about 150 kilometres (90 miles) northeast of Madrid is the second largest in Spain, which has emerged as a world leader in renewable energy, especially wind power.

The country, whose best known novel "Don Quixote" tells the tale of a man who fights windmills he imagines to be giants, is now dotted with giant wind turbines as power firms -- encouraged by government subsidies -- take advantage of favourable weather conditions and an abundance of wide open areas.

Wind power has already overtaken nuclear energy. In March it became the country's main source of electricity, accounting for 21 percent of demand and providing the equivalent of all Portugal's power needs.

Spanish power firm Iberdrola, the world's top wind energy company by installed capacity, opened the windfarm at Maranchon -- which made its fortune last century in the mule trade -- in 2006 after ruling that there would be no major risk for the environment.

"This park produces around 2,300 and 2,400 hours of electricity per year, which is a good average," said Fernando Marchan, a local official with the company renewable energy branch, Iberdrola Renovables.

Each windmill has the capacity to produce two megawatts of power. The energy they generate cuts CO2 emissions by more than 400,000 tonnes a year compared to other energy sources.

The first windfarms were set up in Spain in the 1990s. Twenty years later the country has surpassed former European leader Germany as the top wind power producer in the European Union.

A wind turbine is pictured at Cogollos II wind park, in Cogollos, near Burgos.

AFP

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At the world level it is the third largest wind power producer after the United States and China.

In just a few years renewable energy has grown dramatically in Spain, which produces virtually no fossil fuels.

Renewables provided 42.2 percent of electricity demand in March, mostly from wind and hydro power, according to power-generating authority REE.

While solar power accounted for only 2.6 percent of electrical demand that month, as with wind power, Spanish firms are amongst the world leaders in the sector.

At Sanlucar la Mayor in southeastern Spain, Spanish energy company Abengoa in 2007 built the first two solar power towers in the world to commercially generate electricity and deliver it to the power grid.

"They work by using many large mirrors to reflect the sun's rays towards the top of a tower. The heat at the receiver warms liquid to a high temperature. With this heat we generate steam to power a turbine," said plant manager Valerio Fernandez.

Spain's southeastern region of Andalusia where the towers are located receive 200 days of sun a year making it one of the sunniest regions on the planet and an ideal spot for a thermo-solar energy field.

The towers and their 1,900 mirrors -- each as large as a three-bedroom apartment -- produce enough electricity to meet the demand of 15,000 homes.

In the wake of the nuclear disaster at Japan's Fukushima plant which has re-ignited the debate over the safety of nuclear energy, environmentalists dream of a country running 100 percent on renewable energy.

But the development of renewable power has slowed down.

The government has cut its subsidies for the sector as part of austerity measures aimed at reining in the public deficit and calming market fears that Spain will follow Greece, Ireland and Portugal in asking for an EU-IMF bailout.

For the wind power sector subsidies have been slashed by 35 percent until 2013.

At the same time the government has extended the operating licence of several of its ageing nuclear power plants.

In the meantime, Spanish technology exports are doing better than ever and solar parks and wind turbines made in Spain are sprouting up as far away as the United States, Brazil and China.