



... the "new normal"

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nine months of 2015. Exchange rate fluctuations represent one of a number of factors weighed on the global economy in the first half of 2015. Other factors include: a slowdown in demand for imports in China and a number of other emerging markets; and low prices of oil and a number of other commodities, including cotton. Furthermore, growth in goods trade in the coming months could be hampered by a sharper than expected slowdown in economic growth in developing economies, flat real wage growth and more interest rate rises in the USA, and unanticipated costs associated with the migration crisis in Europe.

So in 2016 Bangladeshi exporters of RMG, textile products and other products will face serious price pressures from their buyers in their traditional markets in Europe and USA to maintain share let alone grow share. Since a major component of our economic growth is export growth, this will need to be addressed.

Another important factor affecting exports that is hardly mentioned is the effect of weather on retail sales in developed markets like USA and EU. 2015 has been the hottest year on record since we started keeping records thanks to El Nino and 2016 is predicted to be more of the same, if not worse. Sales of apparel and footwear are directly affected by weather and poor winter sales in 2015 have led to high inventory build up already amongst retailers which reduce their need and budget to buy more products for the next winter season. And winter season shipments are traditionally higher value and more important for our exporters, be it sweaters, handicrafts or shrimps.

Exports as the main growth driver in Bangladesh till today face serious obstacles to growth due to the loss of competitiveness viz-a-viz competitor nations, warm and late winter in Europe and USA, and depressed global demand.

Remittances are a second growth driver in Bangladesh after exports, and plunging oil prices have already led to unprecedented austerity measures in our major remittance source countries

like Saudi Arabia and Kuwait. We have seen a slowdown in remittance growth from these traditional source countries and we will need to develop a strategy to overcome further declines, if this trend continues. With no end in sight of plentiful supply of oil against slowing demand, the forecast is that oil prices will continue to remain depressed in the short and medium term. So we need to prepare our strategy of how to protect and drive remittances growth not just in gross terms but also in per capita terms.

Domestic consumption in Bangladesh is a third growth driver and countries such as Indonesia and Brazil were both able to ride out the previous crises thanks to their strong domestic market power. In 2015 however we have seen that despite wallet size remaining unchanged, many consumers in Bangladesh have down traded on their purchase decisions, opting for lower cost options for example for FMCG items. Low rice prices despite being a populist favourite and benefiting the urban vocal consumers have meant that spending growth in the rural economy has also been depressed. Services already are the largest employer in our economy and this is one area where demand remains strong but growth has also slowed down. Manufacturing has been constrained by slowing demand, rising costs, high interest rates, infrastructural deficits, irrational land prices and increasing difficulty of doing business in general caused by excessive bureaucracy, frequent policy changes and poor governance.

I believe that every single farmer, worker, employee, employer, manager, entrepreneur and business in Bangladesh who fight against these odds each and every day to deliver food, products and services for our nation of over 160 million, deserves better. And so I have prepared a wish list for ten do-able actions, which if done or at least started, could help Bangladesh beat the odds:

1. Phased and systematic decentralisation of power from Dhaka to the district levels for with the Honourable Members of Parliament being given

more authority and also being held accountable for delivering sustainable economic growth in their areas. China did this with their provinces through out the 1990s, and India is doing it with their states in 2016 as Bengal and Karnataka for example compete with each other to attract investment. As long as businesses ALL need to run to Dhaka for each and every permit and utility connection, we cannot accelerate growth.

2. Deploy at least USD1 billion from our record high foreign exchange reserves strategically to off shore units

4. Benchmark our REER (real effective exchange rate) against some key competitor nations such as India, China and Vietnam so that we do NOT lose export competitiveness.

5. Enable citizen and business participation on monitoring bodies overseeing implementation of major ONGOING infrastructural projects such as Dhaka- Chittagong multi lane highway and also proposed Deep Sea port project. These can directly improve our LEAD times for exports and also reduce costs on imports. Today the freight price of a 40 ft container from Genoa

8. Target specific FDI sourcing countries such as Japan, China, India and Germany and engage experts with proven experience from each of these countries to map out what strategies we need to bring in FDI from them. Complete with targets, budgets and incentives required.

9. Revamp Dhaka airport - right from the immigration the experience is investor unfriendly. Need to allow internationally proven airport operators to manage the airport so that the entire experience of using Dhaka airport can be as painless and as efficient as possible. Special emphasis needs to be on immigration services, baggage handling, airfreight logistics. Bangladesh can seriously explore a visa free regime for many friendly nations as India has recently announced.

10. Cultivate and ensure a culture of tolerance and inclusiveness where despite diversity of views, we can agree on fundamental values and principles as Bangladeshis. We have to continue to work towards building a more equitable and prosperous society for all Bangladeshis, based on the rule of law, especially for those without voice.

I take as much pride as anyone else in the resilience of our people - of how despite untold natural and some man-made disasters - we continue to power forward and overcome each obstacle. But I would submit in conclusion, we owe it to ourselves to not always need to be so resilient.

Bangladesh has come very far since our birth in 1971. We have much to be proud of already. But as humans we all aspire for better, easier, happier lives. And when people ask me how I think we will get there I repeat the Tenacity Prayer of Ray Kroc:

"Nothing in the world can take the place of Persistence.

Talent will not; nothing is more common than unsuccessful men with talent.

Genius will not; unrewarded genius is almost a proverb.

Education will not; the world is full of educated derelicts.

Persistence and determination alone are omnipotent."

The writer is managing director, Apex Footwear and president, MCCI.



of our local banks so that they have access to low cost funds, which they can relend to local businesses at low single digit rates of interest. The Government must continue to DRIVE down bank interest rates as it has started doing so effectively in the second half of 2015, as interest rates in Bangladesh are notoriously "sticky" downwards.

3. Pass through some of the savings achieved from the record low oil import prices to end consumers of diesel and petrol so that they have increased spending power and savings.

to Shanghai is USD 40; from Genoa to Bangladesh is over USD 1000!

6. Reduce the number of projects adopted under ADP but focus on quality and implementation and work with local actors such as local government and proven citizens groups and NGOs to monitor implementation. This can boost spending in the local economy.

7. Identify labourintensive, high value adding industries like light engineering, agro processing, and import substituting industries such as pharmaceuticals and create long term supportive policy framework.