

# Singaporean dream sours for Bangladeshi workers as they go home with big debts

REUTERS, Singapore/Dhaka

Mohammad Ashadul Islam placed all his hopes for a better life for his family in Bangladesh on getting a construction job in Singapore.

He sold his father's land and fish farm and also borrowed money from banks and relatives to pay \$517,000 (\$12,000) in fees to multiple agencies who helped arrange the job and his trip to the island state early last year.

But in December, his employer told him that there wasn't enough work and he was laid off from a job doing a range of tasks, such as directing traffic around building sites, and operating excavators. Islam was given a month by Singapore's Ministry of Manpower to find another job but, unable to do so, he returned home still owing \$56,000. He had only earned \$5,000 during his time away - based on basic pay of just \$18 a day and overtime of \$3 per hour.

For Singapore, a system of temporary labour to do many jobs in the construction, shipping, manufacturing and service industries - including hotels and restaurants - works as an effective buffer. When times are good it means Singapore can fill jobs that would otherwise be vacant but when the economy is weak and unemployment rises - as has been happening in the past year - it is easy to cut back on foreign workers.

However, for the workers it is a brutal system that can leave them in big debt and regretting they ever made the move to Singapore.

"I go back for what? No fish, no land. I go back or die, same-same," Islam said in an interview just before heading back to Bangladesh.

Islam's former boss, Maqbool Ahmed Khan, who owns building company Elchim Construction Services, confirmed the Bangladeshi's story. Khan said he faced a "market slowdown" late last year, without elaborating. The Singapore Contractors Association Ltd. and The Association of Singapore Marine Industries declined comment.

Singapore's Ministry of Manpower said



Mohammad Ashadul Islam, a Bangladeshi construction worker who lost his job and has to go home with a \$56,000 (\$4,280) debt, spends his last weekend with friends at Little India in Singapore on April 2, 2017.

the agency fees foreign workers incur in their home countries are beyond its jurisdiction. "We hope that source countries would do more to address the issue of high agency fees incurred, and we will refer cases to their embassies here for follow up where appropriate," it said in an emailed statement to Reuters.

Islam, 25, is among thousands of migrant workers, mainly from Bangladesh and India, who left Singapore's shipyards and building sites last year because of a 30 percent contraction in the marine sector largely related to a drop in demand from the energy industry, and a downturn in construction. It was the first year since 2009 when the number of low-skilled jobs taken by foreigners fell here.

Reuters interviewed around two dozen Bangladeshi workers who were laid off recently in Singapore, and many of them provide similar pictures of growing hardship. Many face agency fees that cost between 26 and 51 months of their total basic wage in Singapore, and they leave the

island with heavy debt burdens.

To be sure, many workers still in jobs say they are happy with their working conditions and are motivated by success stories of fellow countrymen who built homes and started businesses back home after working for a few years in Singapore.

While conditions are tough - many live 12 to a dorm room and work 12 hour days with only one day off a month - it is still often much better than the alternatives in Bangladesh.

The number of work permit holders in Singapore, excluding domestic workers, fell by 12,600 to 753,000 in 2016, with most of the losses in the construction and shipping industries, according to the Ministry of Manpower.

But two diplomats from countries that are a source for such workers say they are taking the brunt of the contraction.

Singapore does not disclose the breakdown of nationalities of its migrant workers, but the Bangladeshi High Commission's labour councillor Ayesha

Shelly estimates its workers in Singapore decreased more than 30,000 last year to some 120,000.

"Every day my staff are in the airport sending workers back," said David Leong, managing director of Singapore-based recruiting agency PeopleWorldwide, adding that the number of workers he supplied to shipyards last year dropped 40 percent.

This is likely to have an impact on Bangladesh's economy because remittances are the nation's second-biggest source of foreign income after garment exports. Bangladesh's remittances fell more than 11 percent in 2016 to \$13.6 billion, according to the nation's central bank, with much of the decline because of the impact of lower energy prices on Middle East employment.

Workers say there are not many established recruiting agencies for Bangladeshis, and many job seekers rely on a myriad of middlemen and brokers who share recruiting, training and transportation and then split fees, making it difficult to properly regulate the industry.

At least 98 recruiting agencies have been suspended over the past decade for alleged wrongdoings such as fraud and trafficking, according to a senior Bangladesh government official.

"People easily fall prey to recruiters who promise them higher paying jobs," said the official in the Ministry of Expatriates' Welfare and Overseas Employment.

A broker, who declined to disclose his name, said his company charges around 1 million taka (\$12,400) in fees but doesn't think they are charging too much, as the cost covers basic job training, language support and transportation.

And even those who have had one bad experience in Singapore seek ways to come back.

"My agent told me I would have to pay \$5,000 to get back this (Singapore) job. How can I take that risk again? What if I lose the job after one year," asked Ataur Rahman, who was laid off last year and came back to Bangladesh with 300,000 taka (\$3,716) of debt. He is now looking for a cheaper way back, he says.

## Honda not clear if UK listening to sector's Brexit needs

REUTERS, London

Japanese carmaker Honda called on British politicians to keep the benefits of the European customs union and single market in negotiating a European Union exit, but said it remained to be seen whether they were listening.

Honda said no deal after two years of talks would likely damage suppliers and disrupt output and said it was discovering more cost and complexity as it examined the consequences of leaving the European customs union.

Carmakers are worried that just-in-time delivery of parts, which allows for efficient production lines, could be slowed down by new regulations, border checks and even tariffs if there is a cliff-edge Brexit with no interim deal.

The firm said it was engaged in discussions with Prime Minister Theresa May's government, which lost its majority in a botched snap election on June 8.

"Whether they are listening or not I really don't know," Honda Europe Senior Vice President Ian Howells told Reuters on Tuesday, when asked whether politicians were trying to get a deal which maintained as many current benefits as possible.

"We will see I think as the negotiations progress how closely they have been listening to us and industry in general," he said. "There are huge amounts of unknowns."

Earlier, finance minister Philip Hammond appeared to soften the government's mantra that no Brexit deal would be better than a bad one by saying he would seek to keep current customs border arrangements until new ones were in operation.

## Ex-Barclays CEO charged with fraud over Qatar funding

AFP, London

Britain's Serious Fraud Office said Tuesday it had charged Barclays bank and four former managers, including a chief executive, with "conspiracy to commit fraud" linked to emergency fundraising from Qatar during the financial crisis.

"The Serious Fraud Office has today charged Barclays Plc and four individuals with conspiracy to commit fraud and the provision of unlawful financial assistance" linked to capital raising from Qatar in 2008 worth billions of pounds (euros/dollars).

The SFO added in a statement that former chief executive John Varley was one of those to face court following a five-year investigation.

"The charges relate to Barclays Plc's capital raising arrangements with Qatar Holding LLC and Challenger Universal Ltd, which took place in June and October 2008," the SFO said.

It added that they relate also to a \$3-billion loan facility made available to the State of Qatar acting through the country's Ministry of Economy and Finance in November 2008.

# Indonesia promises more easing of rules to attract foreign investors

REUTERS, Jakarta

Indonesia will ease ownership rules in sectors that are partially or fully closed to foreigners, in a bid to attract more international investors, cabinet ministers said on Tuesday.

The government is reviewing ownership caps in sectors where foreigners are barred from having a majority stake, Darmin Nasution, the coordinating minister of economics, told reporters.

"The president really wants investment to increase," Transport Minister Budi Karya Sumadi said.

For the transport sector, the government is considering easing rules on airport operation services, Sumadi said. Current rules stipulate maximum foreign ownership of 49 percent.

President Joko Widodo has repeatedly said he wants more investment to boost

economic growth. But despite amendment last year of Indonesia's "negative investment list" that specifies caps and restrictions, foreign direct investment remains sluggish.

Widodo described last year's easing of foreign ownership rules as a "Big Bang" liberalisation of the economy, while one minister called it the largest opening to international investment in 10 years. The government scaled back restrictions in many sectors, including retail and ports.

Southeast Asia's largest economy grew an annual 5.01 percent in January-March, just a touch better than the previous quarter. Growth has been stuck around 5 percent for years, highlighting Widodo's struggle to make good a campaign promise to lift growth to 7 percent during his term, which ends in 2019.

The finance minister said last month that 2017 growth could reach 5.3 percent.



Vishal Gupta, managing director of Reckitt Benckiser Bangladesh Ltd, attends the company's 56th annual general meeting at Hotel Agrabad in Chittagong on Monday. The company declared 775 percent cash dividend for 2016.

# No excuse for firms not to be ready for GST: Jaitley

Reuters, New Delhi

Indian small business has been given enough time to prepare for the July 1 rollout of a new national Goods and Services Tax (GST), Finance Minister Arun Jaitley said on Tuesday, ruling out any further slippage in the timeline.

Jaitley, addressing a news conference, said there would be initial challenges after launching the tax, which will require all but the smallest businesses to file three detailed returns online every month.

But, with 6.5 million firms already registered for GST and more expected to sign up, there was no excuse for firms not to be ready for what has been billed as the biggest tax reform in India's 70-year history.

A decade in the making, the GST would bring down barriers between more than 30 states and territories, unifying India's \$2 trillion economy and 1.3 billion people into a single market. The government says it will boost both commerce and state revenues.

"We have been saying for the last six months it would be July 1 - nobody has any business not to be ready," Jaitley told reporters. "If he's still not ready, then I'm afraid he does not want to be ready."

To ease the transition, a GST coordination panel agreed on Sunday to allow companies to file simplified, aggregate tax returns in July and

August before they have to comply fully with the GST from September.

Any company generating a large number of invoices will need to adopt special software

packages that enable them to format and reconcile invoices, then upload them to the GST Network, an IT system that will process up to 5 billion invoices a month.



Indian traders burn an effigy of a tax worker during a protest against the new Goods and Services Tax rates in New Delhi yesterday.

# UK economy faces slowdown on political turmoil, Brexit: CBI

AFP, London

Britain's economy will slow in the coming years, the CBI business lobby warned Tuesday, blaming domestic political turmoil - and the impact of Brexit one day after EU divorce talks began.

The economy will expand by 1.6 percent this year before slowing to 1.4 percent in 2018, according to upgraded forecasts from the Confederation of British Industry, after 1.8-percent growth in 2016.

The CBI, which is Britain's biggest employers' grouping, also cited fallout from this month's inconclusive general election.

"The UK is expected to see steady but subdued economic growth over the next couple of years," it said in a statement.

"The economy continues to face headwinds, with ongoing political uncertainty and Brexit negotiations, which will require careful navigation by business and the government."

The latest growth forecasts marked upgrades from prior guidance of 1.3 percent and 1.1 percent, for 2017 and 2018 respectively.

"Growth should be steady, if restrained, over the next couple of years as the pace of the economy shifts down a gear," added CBI director-general Carolyn Fairbairn.

"While the country's exporters should emerge as a real catalyst of growth, rising

inflation and stubbornly low wage growth mean that people are already starting to feel the pinch.

"So, after a frantic period in Westminster, this is the time for a renewed focus on the economic fundamentals of this country."

Britain and the European Union finally kicked off formal Brexit talks in Brussels on Monday, vowing to work constructively for a deal despite disarray in London over whether to go for a "hard" or "soft" divorce.

Conservative Prime Minister Theresa May has repeatedly insisted that Britain will leave Europe's single market or tariff-free zone in order to control EU immigration, thus delivering a so-called "hard" Brexit.

However, May's position weakened this month as she failed to secure an absolute majority in the election - which the premier had called to strengthen her negotiating hand.

Meanwhile on Monday, five major British business bodies called in a letter to economy minister Greg Clark for continued access to the European single market until a Brexit agreement has been sealed.

The groups - comprising the CBI, the British Chambers of Commerce, the EEF manufacturers' organisation, the Federation of Small Businesses and the Institute of Directors - all urged the government to "put the economy first".