

Let us share the joy of Eid with everyone

Giving is a reward in itself

THE lessons that come with this holy month are many: we are supposed to learn some of the basic human values such as self-restraint, compassion, honesty, peace and tolerance and respect for one another. The month also teaches us to be empathetic to the less fortunate through the practice of Zakat and Fitra.

The mad rush of home-bound people leading to tragic accidents on the roads and waterways are a common experience during the Eid holidays. With the Eid-ul-Fitr just a day or two away, news of road accidents has already started reaching us. Just two days ago, on June 2, 19 people were killed across the country. We hope those journeying home and back would exercise caution and avoid taking unnecessary risks by jumping into overcrowded buses, trains and river vessels. We also urge the transport authorities to take extra precautions to ensure safe Eid journeys for all.

Eid can only be joyful when everyone can take part in the festivities. Which is why those who bring prosperity to our nation with their hard work should be able to celebrate it with their loved ones. We hope that our garment workers and those working in other sectors will get their salaries and Eid bonuses before the festival. Unfortunately for farmers, who provide the food we eat, the joy of Eid may be out of reach as they are not getting fair prices for their crops. As a society, we must all work together, share our wealth and good fortune with those less fortunate or in vulnerable conditions, and help them get what is due to them. These are valuable lessons to learn and internalise as we take part in one of our most cherished religious festivals.

We wish our dear readers and patrons a safe and joyous Eid!

A promising start at the World Cup

Bangladesh shines in their first match

WE couldn't be prouder of the Bangladesh cricket team for its stunning victory over South Africa at The Oval on Sunday. The nail-biting match saw Bangladesh put up 330 runs—its highest total in ODI cricket. What was also very heartening to see were the huge numbers of loyal Bangladeshi fans, turning the stands into a sea of green and red, whose enthusiasm could even be felt through the TV screen.

The formidable pair of seasoned cricketers Mushfiqur Rahim and Shakib Al Hasan managed to hold the ground—both scoring over 70 runs—which proved to be a game-changing partnership for Bangladesh's first match at the ICC Cricket World Cup 2019. Mahmudullah Riyad also played a major role in the win given his 46 runs off 33 balls. The win, of course, wouldn't have been possible without the crucial wickets claimed by Mustafizur Rahman who bagged three wickets and Mohammad Saifuddin who took two important wickets as well.

Bangladesh's promising start at the World Cup was no doubt a huge upset for the Proteas who put up a strong fight—scoring 309 runs—hoping to redeem themselves after their major defeat in their opening match against England on May 30.

The Bangladesh cricket team deserves a pat on the back for its formidable performance. However, this is not the time to become complacent. Now, the team has to gear up to face a strong New Zealand and England (which is currently ranked number one in the ICC's ODI rankings and is a favourite to win the Cup) in the upcoming matches and must, therefore, be mentally prepared and have a well-rounded strategy in place to effectively tackle them. The Bangladesh team has only gone from strength to strength in the last few years and we believe they have what it takes to go much further in the tournament. What we need is vision and determination.

LETTERS TO THE EDITOR

Promoting the usage of 'Sonali Bag'

The proliferation of polythene bags has not abated despite the government heavily promoting the usage of jute bags for shopping. It can be seen that shopping bags made of synthetic materials and thick papers are in massive use today and, especially, during this Eid season—despite their environmental repercussions.

The government is trying to promote widely the use of biodegradable bags instead of polythene so that pollution can be curtailed. Despite innovation in the jute industry which has led to the emergence of the "Sonali Bag"—a bag that resembles a polythene bag but is actually made out of jute fibre—no noticeable progress has been made when it comes to curbing the use of polythene bag.

Shopping bags made of jute are in fact more durable and robust than those made of polythene. If jute mills are to sustain themselves and improve their financial health, they must add shopping bags to their production line and promote them in a manner that would attract both consumers and retailers. The government too must explore more ways to promote the usage of jute handbags amongst people. This would not only help our jute industry but also make people more aware about the importance of curbing plastic pollution.



AH Dewan, Dhaka Cantonment



KNOT SO TRUE

YOUR columnist has just completed a little over a month of being a "female" leader of an exporters' association. A number of congratulatory messages have flowed in, the bouquets have flooded our living room, and then there were the telephone calls and texts, the social media felicitations... they have all been wonderful. Victory, I assumed, was going to be a humbling experience. It has, in turn, turned out to be an overwhelming one. The reference to me being a "female" was a hiccup. I had also earlier thought that being an exporter was good enough; it now seems that being a female makes it quite different. Your columnist is apparently the "first" female president of the said organisation. That label made me think harder. Leading a sector where 80 percent of workers are women seemed the most natural thing on my part. Yet it isn't.

It really isn't, because (1) there are 22 factories that faced closure in the last one month; (2) export growth has been only 5.70 percent in the last five years, compared to 17.82 percent in the 2003-2013 period; (3) prices have fallen in the USA by 5 percent and in Europe by 4 percent; (4) wages have gone up by 184 percent in the last five years; (5) productivity has stayed at 40 percent as a national average; (6) we have extra capacity and are engaged in unfair competition against one another by accepting any price from any buyer; (7) the narrative and global perception around our labour issues have remained negative; and (8) there is an image deficit hovering around the sector in the form of an unholy halo.

Yet, there are 3.5 million men and women working in this sector, which contributes 82 percent of the economy and pays around Tk 27,500 crores to our workers as salary. Thus, at this point of time, a few facts have become necessary for a reality check. Sharing only a few with you below:

Small is beautiful

Compared to the big factories, the small and medium ones contribute around 40 percent to the export basket. Times have changed. Small industries are becoming more viable, especially because consumer tastes have changed and shoppers buy more online.

Smarter, faster, blockchain-enabled Artificial Intelligence is encouraging the world to shop online.

Current trends predict that 51 percent of Americans prefer online shopping, with e-commerce growing at 23 percent year-over-year. With that trend almost setting in, the order quantities are smaller and the huge factories that most of us have constructed aren't equipped to handle smaller quantities. Small doesn't make sense to many of us as we focus on



ZAKI LAIDI

Emmanuel Macron. There are four reasons why this is so.

First, Macron succeeded in framing the election as a contest between progressives and populists. Though he has been assailed at home in recent months—including by some on his own "side"—it is worth remembering that this message did not emerge out of thin air. Rather, it harks back to Macron's 2017 presidential campaign, which itself tapped into a broader political sea change taking place across Europe. In that election, he overcame the traditional right-left divide. Two years later, this was replicated in the European Parliament elections.

Historically, the Republicans on the right and the Socialists on the left have dominated French politics. Yet these parties' combined share of the popular vote was under 15 percent, whereas Macron's *La République en Marche!* won 22.4 percent, and the far-right National Rally (formerly the National Front) picked up 23.3 percent. Behind these figures is an unprecedented collapse of the mainstream French right, which has failed to reconcile identity politics with traditional liberalism. Though some French conservatives have migrated to the National Rally, much of the centre-right electorate has gravitated toward Macron's party, owing to efforts by Prime Minister Édouard Philippe (formerly of the Republicans).

Moreover, most of those who switched to *La République en Marche!* are pensioners who did so despite being hit hard by Macron's tax reforms (some of which have been reversed). This suggests that Macron's progressive-versus-populist narrative helped to re-mobilise France's—and perhaps Europe's—pro-European electorate. While the National Rally

Up in the clouds

optimising our efficiency with repetitive production processes. Yet, the demand for small fashion quantities with more styles and shorter lead time has begun to surface.

Change in consumer pattern

Consumers today don't prioritise quantities, and stress more on quality, especially because in a world of cramped spaces, their closet sizes have shrunk along with their pockets. Does that mean that people will be buying fewer clothes? Probably. Does that mean that consumers will look for value-added products? Probably. Thus, the most logical inference will be that quantities will go down while qualities will soar. In a probable scenario such as this, we will need smaller, specialised, compliant units to produce the fashion orders. How will the bigger units react? Will they be able to accommodate smaller quantities in their



PHOTO: AMRAN HOSSAIN

humungous capacities? Will they be able to do multi-products, multi-styles? We will all need to readjust our needle to fit the global demand. A 100-line factory will then probably need to split its lines up to cater to at least 30 styles instead of the five styles that it is used to produce.

Subsidising crucial sectors

Current incentives to all sectors have been generous. The government is providing subsidies up to 20 percent in agriculture, which has, in the last 10 years, reported a growth of USD 445 million; subsidy has been up to 7-10 percent to shrimp, which has had only USD 34 million growth; 2-5 percent for frozen fish, which has reported a dip to USD 58.30 million from USD 80.51 million; 10 percent subsidy to plastic, reporting growth of USD 46 million; 10 percent to pharmaceuticals with growth of only USD 67 million; 10 percent to ceramics, reporting a growth of USD 21 million; 15 percent to leather

and furniture which reported an increase of USD 962 million. Just an incentive of 4 percent to the ready-made garment (RMG) sector for new markets has alone fetched USD 3.8 billion.

Generous gestures

India has offered 500 crore rupees as Technology Upgradation Fund for the garment manufacturers, and provided 5 percent extra Duty Drawback amounting to 5500.00 crore rupees. India is bearing 12 percent provident fund of the workers, which was earlier borne by the factories. India is also providing 3 percent subsidy on bank interests for five years for exporters with effect from April 1, 2019. On top of that, India also provides 10-20 percent subsidy on capital machinery and spare parts.

Vietnam offers its exporters zero tax for the first four years, then 50 percent for the next nine years, and then 10

case of value-added industries, exporters are receiving loans at 9 percent interest rate for a 3-10 year period as Long Term Financing Facility. Fast track channels have been introduced in Pakistan to initiate quick settlement of exporters' dues.

While I race towards the end of the column, we are close to three hours away from Tokyo, where Bangladesh prime minister is leading 53 of us in her business delegation. Beginning from the 1973 visit of Bangabandhu to Japan, and the striking similarities between the flags of Japan and Bangladesh, we have come a long way. Our annual export to Japan has crossed USD 1 billion since 2015-16 and we have also recorded a growth of 11.73 percent during the last fiscal year. Japan, as the seventh largest export destination, and Bangladesh have bilateral trade crossing the USD 3 billion mark. Export to Japan has increased 6.5 times between

percent for the next 15. Exporters are also exempted from VAT and enjoying tax-free access to capital machinery, along with being given special incentives to garment export, especially when the industrial units host 500-5000 workers. Vietnamese entrepreneurs also receive 50 percent subsidy on production costs in the trial phase. Vietnam also offers low interest credit facility for entrepreneurs who invest in green factories and provide funds from Vietnam Environment Protection Fund. Exporters also enjoy a rent-free privilege for seven years in case of an investment in readymade garment and textile.

Pakistan gives exporters 4 percent duty drawback and also gives an additional 2 percent for new markets. Pakistan, under its export refinancing scheme, has also reduced the rate of interest from 9.4 percent to 7.5 percent while also giving duty-free advantage to import capital machinery. In case of new machinery, Pakistan is giving 15 percent subsidy. In

2008 and 2018. This is a sign of a clear recovery from the 2016 setback.

Since 2007, apparel export has expanded more than 35 times. But the challenge has been in the value addition part. In 2018, our 5.6 percent apparel export to Japan resulted in only 3.9 percent in value in the import market. In general, the number of Japanese companies has risen to 280 as of December 2018. A 2018 Jetro survey ranked Bangladesh as the highest in terms of future expansion plan in the next 1-2 years. In brief, in order to facilitate trade between Bangladesh and Japan, challenges in active facilitation measures including infrastructural problems, hurdles in the tax regime, hiccups in port handling and so on must be addressed.

Well, as they say, opportunities and challenges are like an inseparable duo.

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PROJECT ■ SYNDICATE

Why the EU election was a win for Macron

performed well and Italy's right-wing League party made gains, they failed to trigger the EU-wide political earthquake that many had come to expect.

The second reason the election represents a victory for Macron is that his party will now be able to claim leadership over a pivotal centrist parliamentary group of 110 members. The relative losses suffered by the European People's Party (EPP) and the Progressive Alliance of Socialists and Democrats (S&D), combined with the surge in support for the Greens, means that the European Parliament is entering a period of

various policy proposals, given that there is so much common ground between *La République en Marche!*, the S&D, and the Greens. And, as an added bonus, the end of the EPP/S&D duopoly also marks the end of German hegemony in the Parliament.

Third, the *Spitzenkandidaten* process—whereby the largest party grouping selects the president of the European Commission—is likely to collapse, and this may also work to Macron's advantage. The system is a first-past-the-post mechanism in a proportionally elected parliament, and has more to do

Freedom Party, appears to offer a *quid pro quo* for electoral help from Russia.

But Merkel still defends Weber, and, apart from Macron and Dutch Prime Minister Mark Rutte, most EU leaders are reluctant to confront the European Parliament on the *Spitzenkandidaten* issue. That may shorten the odds for Margrethe Vestager—who is not from the EPP, but who is, in a sense, a liberal *Spitzenkandidat*—while lengthening them for Michel Barnier, who is from the EPP but is not a *Spitzenkandidat*. If the Council succeeds in ruling out Weber and his populist supporters, Macron will claim it as a success.

Finally, the election provides a check on German hegemony within the EU more broadly. Germany's Christian Democratic Union (CDU) has been weakened, and the country's Greens have grown stronger. For his part, Macron will find the Greens much easier to work with on eurozone reform, especially if they end up joining a new German coalition government.

Taken together, these post-election considerations paint a rather positive picture for Macron. The question now is whether he can use his strength at the EU level to shore up his domestic position. This will not happen automatically. With the fall of the French right, there may be a temptation to position *La République en Marche!* as a new home for right-wing French voters. But while this might capture Paris's bourgeois 16th arrondissement, doing so would be a mistake. Instead, Macron should focus on securing more of the atomised left, particularly those who have moved to the National Rally.

As matters stand, *La République en Marche!*'s base remains limited to the "winners" of globalisation. Rural, alienated, and economically vulnerable voters remain in the National Rally's camp. To win them over, Macron must reduce the polarisation between the two parties.



French President Emmanuel Macron and his wife Brigitte leave after casting their ballots during the European Parliament Elections, in Le Touquet, France, May 26.

PHOTO: REUTERS/PHILIPPE WOJAZER

quadrupartite governance. Provided these groups are able to compromise, the new arrangement will probably be an improvement on the old one, wherein the EPP and S&D divvied up all of the jobs. For the first time in the European Parliament's history, the number of MEPs affiliated with the two main parties represents only 44 percent of the total.

A more fluid parliamentary composition will allow for more *ad hoc* majorities to emerge in support of

with partisanship than with democracy, because it gives automatic power to the largest group.

But while the EPP won the most parliamentary seats, its *Spitzenkandidat*, Manfred Weber, is very controversial. Just before the election, he was weakened by the political demise of Austrian Chancellor Sebastian Kurz, whose government was brought down by the release of a video in which his vice chancellor, Heinz-Christian Strache of the