

Upskilling: a necessity amid increasing automation

China to step up support as economy slows further: ADB

AFP, Beijing

CHINA'S economic growth will ease further next year due to slowing exports and US trade tensions, the Asian Development Bank warned Wednesday as it revised downwards its GDP predictions.

The bank is now forecasting 6.2 percent growth in 2019 and 6.0 percent in 2020, a downgrade on its April predictions.

"Domestic consumption will be the main driver of growth going forward with the main downside risk stemming from a potential intensification of the trade conflict with the US," said ADB chief economist Yasuyuki Sawada at the launch of the latest outlook report.

More supportive monetary and fiscal support are likely from the government in the coming years, said the ADB.

Earlier this month the State Council, China's cabinet, announced a total of 2.15 trillion yuan (\$302 billion) of new special bond issues will be issued by local governments by the end of September.

"We expect to see continued fiscal policy support into 2020," said ADB senior economist Jian Zhuang.

The government will increase the use of local government special bonds to push up infrastructure investment, predicted ADB economists, who also warned that containing debt would become more challenging over time given that local governments have high spending needs but a weak revenue base.

The bank has also revised up its inflation predictions to 2.6 percent from 1.9 percent for 2019 -- largely due to heavy increases in pork prices as the country battles the African swine fever outbreak that has seen more than a million pigs cull.



A worker walks past the Asian Development Bank headquarters in Manila.

REUTERS/FILE

Development Authority of Bangladesh has been working as the apex body to formulate an upskilling policy at the national level, and to execute programmes to achieve its vision. The policy outlines the objective, scope of work, and evaluation and monitoring methods. Successful implementation of a skill development policy would help the workforce of Bangladesh get ready for jobs of the future.

It is important to understand

are expected to adopt new technologies. These factories will gradually use more sophisticated equipment in sewing line, cutting line, fusing line and finishing line. Many such factories have started deploying automation technologies or robots to perform certain tasks. They are also automating their support functions by deploying enterprise resource planning (ERP) and business intelligence (BI) applications. These technologies

important area of focus. Existing workers need to learn to cohabit with automation technologies deployed in the workplace and focus on production. The workers must upskill themselves to manage production and work in synchronisation with automation technologies.

The next step in upskilling would be to get workers ready for the digital environment. The fourth industrial revolution is creating more work opportunities

the upskilling effort becomes a full-time activity, organisations would need to pay workers their wages during the upskilling period, as well as bear the cost of upskilling infrastructure and instructive assistance. Organisations need to assess and identify upskilling requirements and plan accordingly. Costly upskilling programmes may be initiated as community-based programmes.

In the digital economy, the community-based upskilling approach is going to play a significant role. Under the traditional skill-building approach, organisations operate independently based on their own business requirements. In the digital economy, these organisations need to collaborate with each other to set up investment-intensive upskilling infrastructure and encourage their workforce to enrol for these programmes.

The government can support such community-based initiatives by providing proper assistance, such as accreditation. A national upskilling registry could be set up using modern technologies, such as blockchain, to host the upskilling records of each participating worker, which could be authenticated and verified by the participating organisations.

The government should also be able to monitor the improvement in incomes of upskilled workers and provide necessary inputs to policymakers for further refinement of upskilling policies.

Given the several underlying problems, the entire upskilling journey may seem highly complex. It is important that government bodies and private enterprises work together to address the upskilling needs of the workforce and to ensure their successful journey towards the digital economy.

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STAR/FILE

About 21 percent of the apparel manufacturing factories in Bangladesh use advanced technologies, according to a study.

the needs of the existing workforce and to upskill them, through both organisational and community-based initiatives. According to a report published in May 2019 by the Dhaka-based think tank Centre for Policy Dialogue, there are 3,856 operational apparel manufacturing factories in Bangladesh, employing about 3.6 million workers. As per the study, about 21 percent of these enterprises in the apparel manufacturing sector are using advanced technologies.

With technological advancements and lower costs of adoption, more such factories

also help the management with better information and faster decision making. Such changes will require the workforces of the apparel manufacturing sector to be upskilled.

Indeed, sectors across the world are undergoing changes in how they are using technology and workers' skills. Since the apparel manufacturing sector contributes significantly towards Bangladesh's export revenue, it is important that the sector stays ahead of global competition and upskills its workforce faster.

Behavioural upskilling of the workforce should be the most

for digital products and services. The workforce needs to be upskilled for digital production of goods and services. Digital upskilling would be applicable across sectors and ranks of employees. Every organisation needs to plan comprehensively for this upskilling journey, with respect to its uniqueness and digital maturity.

The cost of upskilling may appear significantly high in certain instances. For example, if an employee is upskilled while doing his/her job, the cost would involve providing learning infrastructure and instructive assistance. But if

Trade tensions darken growth outlook for developing Asia: ADB

REUTERS, Manila

ESCALATING trade tensions between the United States and China have darkened the outlook for developing Asia, with the region expected to grow slower than previously predicted this year and next, the Asian Development Bank said on Wednesday.

Developing Asia, a group of 45 countries across Asia and the Pacific, will likely grow 5.4 percent this year and 5.5 percent next year, down from the 5.7 percent and 5.6 percent growth forecast in July, the ADB said in an update to its Asian Development Outlook report.

Growth in the region was 5.9 percent in 2018.

"The People's Republic of China-US trade conflict could well persist into 2020, while major global economies may struggle even more than we currently anticipate," Yasuyuki Sawada, ADB's chief economist, said in a statement.

The dispute between the world's two largest economies has dragged on for well over a year, with both adding tariffs worth billions of dollars on each others goods. High level talks between the two are scheduled for early October.

China's economy will probably grow 6.2 percent this year, the ADB said,

weaker than its 6.3 percent projection in July. Growth in the Chinese mainland is projected to cool further to 6 percent in 2020. China is targeting 6 percent to 6.5 percent growth in 2019.

Along with weakening trade momentum, the Manila-based lender also sees declining investment as a major risk to the region's growth prospects.

By sub-regions, South Asia will remain the fastest growing in Asia Pacific, even after the ADB trimmed its 2019 outlook to 6.2 percent from 6.6 percent as it also slashed its growth estimate for India to 6.5 percent from 7 percent. ADB maintained India's 7.2 percent growth projection for next year.

Southeast Asia is also expected to end 2019 on a weaker note, with growth likely to slow to 4.5 percent compared with a previous forecast of 4.8 percent and from last year's 5.1 percent pace. Growth next year is seen picking up to 4.7 percent, but still lower than the ADB's 4.9 percent estimate in July.

Developing Asia will also have to deal with slightly higher prices due to rising food costs, the ADB said. It raised its 2019 and 2020 inflation forecasts for the region to 2.7 percent from 2.6 percent earlier.

Saudi Aramco IPO unlikely to happen this year after oil attacks

REUTERS, Dubai/London/Riyadh

SAUDI Arabia is unlikely to list its state-owned oil giant Aramco this year after attacks this month on its facilities, two sources with direct knowledge of the company's thinking said.

The initial public offering (IPO) of Aramco, the world's largest oil company, is the pillar of Crown Prince Mohammed bin Salman's economic reform agenda that aims to raise billions of dollars to help diversify the kingdom away from oil.

Aramco did not immediately respond to a request for comment. The sources declined to be identified because the information is not public.

Aramco Chairman Yassir al-Rumayyan said last week after the attacks, which initially halved the crude output of the world's top oil exporter, that it would be ready for the IPO within one year.

Saudi officials have said in the past the Aramco IPO could happen in 2020 or 2021.

The deal, which was delayed last year, had been slated to take place as early as November, sources previously said. The plan was to offer a 1 percent stake on the Saudi bourse, the first step of the planned 5 percent sale that could potentially raise \$100 billion.

The deal was now expected to slip to next year after the Sept. 14 attacks on Aramco's Khurais and Abqaiq plants, which process and clean crude, said the sources.

"They need to build confidence -- in addition to restoring production," one of them said.

Riyadh and Washington have blamed Iran for the strikes, which escalated tensions in the

Middle East and raised concerns about further attacks or a new war. Tehran denies the charge.

A source told Reuters this week that Saudi Arabia had restored more than 75 percent of crude output lost after the attacks and would return to full volumes by early next week.

Saudi Energy Minister Prince Abdulaziz bin Salman and Aramco Chief Executive Amin Nasser have previously said output would be fully back up by the end of September.

The attacks have spooked investors by exposing how ill-prepared Saudi Arabia is to defend itself despite repeated attacks on vital assets during the more than four years it has

been embroiled in a conflict in neighboring Yemen.

"I think that the attacks on the Aramco facilities have surprised portfolio managers in that they show Saudi assets as being more vulnerable to attack and disruption than many had assumed," said Ross Teverson, head of emerging markets strategy at Jupiter Asset Management, a London-based fund.

Aramco has held meetings with bankers and analysts since the strikes, but doubts emerged among investors about the timeline of the potentially \$20 billion domestic leg of the IPO.



Workers are seen at the damaged site of Saudi Aramco oil facility in Abqaiq, Saudi Arabia.

REUTERS/FILE



REUTERS/FILE

Construction of new buildings alongside older establishments is seen within the business district in Makati City in the Philippines.

Thomas Cook Germany in rescue talks with investors

REUTERS, Berlin

THOMAS Cook's German tour business filed for insolvency on Wednesday in a move aimed at separating its brands and operations from its failed parent, and said it was in talks with potential new investors.

"Intensive talks over the last two days with strategic and private equity investors ... have shown us that the German branches of former Thomas Cook with its brands Neckermann Reisen, Oeger Tours and Bucher Reisen have the chance to have a future," Thomas Cook GmbH said in a statement.

Britain's Thomas Cook, the world's oldest travel firm, collapsed earlier this week, sparking the largest peacetime repatriation effort in British history and a scramble for survival among many of its subsidiaries.

The German government said on Tuesday it would guarantee a 380 million euro (\$418 million) bridging loan for the group's German airline, Condor, to keep it flying.

Condor and Thomas Cook GmbH, the second-biggest tour operator in Germany after TUI, are both independent units of the insolvent British parent company.

Condor is also expected to undertake insolvency proceedings under self-administration to avoid being entangled in the winding up of the parent company's financial affairs.

Thomas Cook's Nordic arm, meantime, has said it is looking for new owners, while Polish unit Neckermann Polska said on Wednesday it was insolvent.

Thomas Cook GmbH said it had filed for insolvency in an attempt to restructure the business in an orderly fashion and continue profitable operations. It added that a German court could appoint a liquidator as soon as on Wednesday.

The business, which serves around three million customers a year, said it had been weighed down by the weakness of its British parent and the impact of Brexit on the German

business.

But Stefanie Berk, the unit's head, said she was optimistic the business would survive.

"We owe this to our long-standing customers, committed employees and other partners who have supported us so much over the years and in the last difficult weeks," Berk said.

The German regional state of Hesse, which has provided help to Condor, said on Wednesday it stood ready to offer financial assistance to Thomas Cook GmbH, and would discuss the matter with the federal government.

Trade union Verdi called for efforts to save the German business and its 2,000 employees, noting that thousands of travel agencies in the country were dependent on its survival.

Thomas Cook Austria, which belongs to the German unit, also filed for insolvency on Wednesday, with the aim of continuing in business.