

GLOBAL BUSINESS

Days before coup, IMF sent Myanmar \$350m in emergency aid

No precedent for refund

REUTERS, Washington

The International Monetary Fund last week sent \$350 million in cash to the Myanmar government, part of a no-strings-attached emergency aid package to help the country battle the coronavirus pandemic.

Days later, military leaders seized power and detained elected leader Aung San Suu Kyi and other elected officials, in what the U.S. State Department said on Tuesday constituted a coup.

There appears to be little the IMF can do to claw back the funds, part of rapid-disbursing COVID-19 financing programs with almost no conditions and approved by the IMF board on Jan. 13, sources familiar with the payments and international finance experts said.

"We are following the unfolding developments closely. We are deeply concerned about the impact of events on the economy and on the people of Myanmar," an IMF spokesperson said in a statement emailed to Reuters on Tuesday, confirming the payment was completed last week.

U.S. President Joe Biden, facing his first international crisis since taking office less than two weeks ago, has threatened new sanctions against the generals, and the State Department said it would review its foreign assistance to the southeast Asian country.

The United States is the dominant shareholder in the IMF, which has provided Myanmar with \$700 million in emergency coronavirus financing over the past seven months, including last week's payment,

which included \$116.6 million through the IMF's Rapid Credit Facility and \$233.4 million through the Rapid Financing Instrument.

The Fund said in a statement here on Jan. 13 the money would help Myanmar meet "urgent balance-of-payments needs arising from the COVID-19 pandemic, especially the government's recovery measures to ensure macroeconomic and financial stability while supporting affected sectors and vulnerable groups."

Unlike the IMF's regular financing programs, which disburse funds in smaller increments as performance benchmarks are met for agreed policy reforms, coronavirus emergency aid has been sent quickly, often all at once.

"It's not a program that was negotiated, there isn't conditionality and there aren't forward-looking reviews with disbursements tied to those reviews," said Stephanie Segal, a former IMF economist and U.S. Treasury official now with the Center for Strategic and International Studies in Washington.

"I'm not aware of any precedent where money that's been approved by the IMF board can be recalled," Segal added.

Since the beginning of the COVID-19 crisis last year, the IMF has provided emergency financing to 80 countries.

The timing of the latest disbursement to Myanmar was unfortunate, two sources familiar with the payments said, and pointed to the risks of using rapid financing that gives governments broad discretion over how they spend the money.

Regional blocs, corridors to improve market access

Says International Chamber of Commerce-Bangladesh



STAR/FILE

Padma bridge is expected to enhance regional integration in South Asia and facilitate Bangladesh's access to neighbouring markets.

STAR BUSINESS REPORT

Bangladesh has been at the centre of initiatives such as the BBIN Motor Vehicle Agreement, the BCIM Corridor and the BIMSTEC alliance, which envisage greater market access and create an enabling environment for rapid economic development.

The economic corridors and blocs -- Bangladesh Bhutan India and Nepal (BBIN), Bangladesh China India and Myanmar (BCIM) and Bay of Bengal Initiative for Multi-Sectoral Technical and Economic Cooperation (BIMSTEC) -- were initiated to ease business processes among the participating nations.

In order to promote trade, Bangladesh needs to join the UN Customs Convention on the International Transport of Goods under Cover of TIR Carnets (TIR Convention, 1975)

The observations came in a news bulletin from the International Chamber of Commerce-Bangladesh (ICC-B) this week.

In recent years, a number of countries, including China, India and Pakistan, have joined the TIR Convention.

With the completion of the Padma bridge, the TIR system will help further enhance regional integration in South Asia and facilitate Bangladesh's access to global markets.

The ICC-B also said Bangladesh is set to achieve its vision of reaching the middle-income country status by its 50th birthday on December 16 this year.

Appropriate infrastructure is the element to sustain the development momentum, it said.

Therefore, as desired by the prime minister,

all the agencies concerned must work in concert to complete the ongoing as well as future mega infrastructure projects as per schedule.

In such a situation, Bangladesh's journey as a developing economy will be more robust, belying apprehension of some quarters, according to the chamber.

With the completion of the Padma bridge, Bangladesh will be connected with many of the South and Southeast Asian countries.

It will contribute immensely to communication, trade, industry, tourism and many other sectors in various ways.

In particular, it will immediately help in having better and faster connectivity with Bhutan, India and Nepal for trade and tourism.

The main structure of the 6.15-kilometre long Padma bridge was completed on December 10, 2020.

The double-decker bridge with road and rail tracks was estimated to cost around \$1.21 billion in 2007 but the cost has increased to \$3.86 billion, almost three times than the original estimate.

The cost escalation could have been minimised with close monitoring and timely implementation, the ICC-B said.

The Padma bridge's rail link, expected to be completed by June 2024, will improve accessibility of Dhaka to central and south western regions of the country.

The estimated cost of the rail link project is \$4.63 billion, of which 85 per cent will be provided by China through Exim Bank of China.

According to experts, once the bridge is fully operational in June 2022 (if not further

delayed), it will contribute around 1.2 per cent to the annual GDP growth, reduce poverty and increase economic activities of the people of southwest region, the chamber said.

It will open up investment in the south and south-western regions and will connect Bangladesh's premier Chattogram seaport directly with the main land port Benapole.

The southwest region covers approximately 27 per cent of the country and is home to nearly a quarter of its over 165 million population.

But this region has remained one of the least developed parts, primarily due to a lack of connectivity with the rest of the country, according to an Asian Development Bank (ADB) study.

"The proportion of the population below the poverty line in the southwest region remains about 5 per cent higher than that in the rest of the country."

According to a Japan International Cooperation Agency (JICA) study, a 10 per cent decrease in travel time to and from Dhaka will lead to a 5.5 per cent increase in district economic output.

The benefits of the project would be equivalent to an annual increase of at least 1.7 per cent of southwest region's GDP in value and of 0.56 per cent of annual increase of national GDP, according to a World Bank project appraisal document.

Besides Padma bridge, the country is currently implementing a number of mega infrastructure projects like Dhaka metro rail, Bangabandhu Sheikh Mujibur Rahman Tunnel under the Karnaphuli river, and the third terminal of Hazrat Shahjalal International Airport.



REUTERS/FILE

International Monetary Fund logo is seen outside the headquarters building during the IMF/World Bank spring meeting in Washington, US.

GLOBAL BUSINESS

Bezos to give Amazon reins to cloud boss Jassy as sales rocket past \$100b

REUTERS

Amazon.com Inc founder Jeff Bezos will step down as CEO and become executive chairman, naming the head of its lucrative cloud computing division as successor in a sign of the company's transformation from web retailer to internet conglomerate.

This summer, Bezos, 57, will hand the keys of the world's largest online retailer to Andy Jassy, head of its cloud division Amazon Web Services known as AWS. The announcement on Tuesday settles a long-running question about who would replace the world's second-richest person at the company's helm.

Bezos is ending his role as CEO on a high note: the business he began as an internet bookseller 27 years ago is now one of the world's most valuable companies and posted three consecutive record profits after losses in decades prior. On Tuesday, Amazon reported quarterly sales above \$100 billion for the first time.

Jassy, 53, joined Amazon in 1997 after Harvard Business School, founding AWS and growing it to a cloud platform used by millions of customers, the company's website said. He had been a clear contender for the top job since Amazon created two CEO roles reporting to Bezos two years ago, the other held by recently retired consumer CEO Jeff Wilke.

Tom Johnson, chief

transformation officer at global marketing firm Mindshare, said Jassy's promotion underscored the centrality of the web hosting business to Amazon's strategy.

"Jassy's background in steering AWS shows just how top of mind those services are to Amazon's business strategy. It'll be interesting to see how that affects their strategy and balancing that priority with a growing ad business and the commerce behemoth," he said.

Jassy is known for understanding highly technical details and has regularly taken jobs at legacy player Oracle Corp and cloud rival Microsoft Corp, which AWS continues to exceed in sales. Bezos has made fewer public remarks

about competitors.

Under Jassy's leadership, Amazon's cloud business has signed major customers including Verizon, McDonald's and Honeywell. Silicon Valley startups have long relied on AWS, and the division's annual revenue grew 37 per cent in 2019 and 30 per cent in 2020, helping cement its position as the market leader.

One contract AWS failed to win was the \$10 billion "JEDI" project from the Pentagon, which was awarded to Microsoft.

Jassy has aimed to bestow a rock-star aura to keynotes at AWS's annual Las Vegas conference, speaking before over 60,000 attendees in 2019 after upbeat

music preceded his talk.

Bezos, who already has focused on other personal enterprises in years past, said in a note to employees posted on Amazon's website, "As Exec Chair I will stay engaged in important Amazon initiatives but also have the time and energy I need to focus on the Day 1 Fund, the Bezos Earth Fund, Blue Origin, The Washington Post, and my other passions." Blue Origin is Bezos' space company.

He added, "I've never had more energy, and this isn't about retiring."

Chief Financial Officer Brian Olsavsky said on a call with analysts that Bezos would work on "large one-way door issues," such as acquisitions and other strategies where there is a high cost to reversing course.

Amazon's net sales rose to \$125.6 billion as consumers turned to the world's largest online retailer for their holiday shopping, beating analyst estimates of \$119.7 billion, according to IBES data from Refinitiv.

Amazon shares were up less than 1 per cent after-hours trading.

Jassy's AWS, traditionally a bright spot, fell slightly short of expectations in the fourth quarter. While the cloud computing division recently announced deals with ViacomCBS, the BMW Group and others, it posted revenue of \$12.7 billion, short of the \$12.8 billion analysts had estimated.

RBI seen keeping rates at record lows

REUTERS, Mumbai

The Reserve Bank of India is seen holding rates at record lows on Friday but its stance on liquidity will be closely watched by markets saddled with the massive government borrowing programme announced in the budget earlier this week.

Having slashed its key lending rate or the repo rate by 115 basis points since March 2020 to cushion the shock from the coronavirus crisis, RBI is seen holding it at 4.0 per cent through the rest of 2021 and possibly beyond, according to the median estimate in a Reuters poll. While India was the major economy hit hardest by the pandemic, suffering the worst contraction in the June quarter, the September quarter was less bad and a pick up in manufacturing and the rollout of the immunisation campaign has reduced some of the pessimism over the economy.

Though the repo rate is already at its lowest ever, some economists and market participants continue to expect one more rate cut in the April-June quarter. But, support for that view has faded since the last poll two months ago.

"We think the MPC will likely signal its comfort with the current policy stance by reducing inflation forecasts, and maintain its guidance of holding an accommodative stance for an extended period," said Rahul Bajaria, an economist at Barclays.

With rates expected to remain steady, most economists and analysts regarded RBI's views on liquidity as crucial.



REUTERS/FILE

The logo of Reserve Bank of India is seen inside its headquarters in Mumbai.

After the virus outbreak, the RBI had allowed large surplus liquidity to persist in the banking system and aligned daily liquidity management operations to ensure banks had access to funds as and when needed, leading to large surpluses.

It recently said it was keen to restore operations gradually to normal and announced short-term variable rate reverse repos as a first step towards managing the surplus.

The bond market will however look for assurance of support from the RBI to help absorb the massive borrowing programme. The government announced an additional bond supply of 800 billion rupees (\$10.95 billion) in the fiscal year to March and said it will borrow 12.06 trillion Indian rupees (\$165.37 billion) from the market in 2021/22, above the expected 10-11 trillion rupees.

"RBI support will be forthcoming and the central bank will be wary of any disorderly unwind to the monetary transmission," said Suyash Choudhary, head of fixed income at IDFC Asset Management Company.



Jeff Bezos, founder of Blue Origin and CEO of Amazon