

WB gives \$250m for faster recovery from pandemic



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STAR BUSINESS REPORT

The World Bank approved \$250 million on March 26 to help Bangladesh effectively respond to the Covid-19 pandemic for a faster recovery and stronger resilience to future crises.

"This financing will help Bangladesh create more and better jobs and expand support for both formal and informal workers affected by the Covid-19 crisis," said Mercy Tembon, the World Bank's country director for Bangladesh and Bhutan.

The Third Programmatic Jobs Development Policy Credit -- the last in a series of three credits -- is supporting the Bangladesh government to develop stronger policies and institutional framework to modernise the trade and investment

regime; improve social protection for workers; and help youth, women and vulnerable population access quality jobs.

"Job creation remains central to Bangladesh's development objectives," Tembon said.

"While Bangladesh has had strong economic growth in recent years, the pace of job creation has slowed, especially in the manufacturing sector. The Covid-19 pandemic increased the challenges, and the poor and women were hardest hit."

This financing will support the government in its efforts to protect the earnings of workers affected by the Covid-19 crisis and enable firms to continue paying their workers' wages.

It will also support informal micro-entrepreneurs in recovering from the

shock by extending micro-finance facilities.

Overall, it will support government programmes to protect over 5 million jobs as part of the government's near-term response to the crisis, while laying the groundwork to accelerate recovery and build resilience.

This programme will also help streamline business and investment services, reducing the cost of starting a business. Further, it supports reforms to align the skills development sector with labor-market demands.

"Although income and job losses due to the pandemic impacted people from all walks of life, women are most at risk of exiting the job market," said Aline Coudouel, the World Bank's lead economist and task team leader for the project.

PHOTO: STAR/FILE

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An unprecedented crisis in shipping



SAZZADUL HASSAN

Off late shipping costs have gone through the roof, making life miserable for the businesses. The freight rate for a 40-foot container to European base ports from Chattogram has reached to \$5,000 level.

Six months back this rate was hovering between \$1,500 to \$2,000. This is not the case for shipments to Europe only. It applies to all the trade routes.

Freight costs to the US has also skyrocketed -- an overall rise of 85 per cent in recent times compared to that of October 2020.

Traditionally, for imports, freight costs used to be much lower than that of exports. That situation has also changed. Rates for imports have also gone up significantly.

This crisis is not specific to Bangladesh only. Rather, it is similar or worse elsewhere across the globe.

Freight rates from China to the US and Europe have surged 300 per cent compared to the rate of March 2020.

Spot rates for the Asia to North Europe route have seen a nearly 264 per cent year-on-year rise. Freight rates for Asia to the US West Coast are also up by 145 per cent.

The challenge is multifold. There are acute shortages of containers, because of which shippers around the world have to wait for weeks to get the boxes.

A study suggests against the demand of 100 containers there are only 50 containers available.

That is not the end of the story. To add to the sufferings, transit time to all the major destinations has also increased quite noticeably. A consignment



OPINION



STAR/FILE

Transit time to all the major destinations has increased quite noticeably. A consignment would normally require 25-30 days to reach to the major European ports from Chattogram, whereas nowadays, it requires a minimum of 45 days.

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Similarly, to reach to the US West Coast the transit time used to be 30 days which is now at least 50 days.

To add to the worries, a shipping jam occurred on March 23 in one of the world's busiest shipping arteries involving the Suez Canal.

About a quarter mile long (400 metres), a 224,000-tonne container vessel named Ever Given ran aground diagonally across the single lane stretch of the southern canal during a dust storm.

On Wednesday, 185 vessels, mostly bulk carriers, container ships and oil or chemical tankers, were waiting to

transit the 120-mile canal connecting the Red Sea with the Mediterranean, according to shipping data compiled by Bloomberg.

As a result, it created another setback for global supply chains, which are already strained by chaotic congestions and a shortage of containers in many ports due to the impact of the pandemic.

A good thing is the freight rates have been stable for last so many years. But an abnormal increase in transit time is really a bolt from the blue in the context of so many other challenges businesses have been dealing with in the past one year due to the pandemic. Experts have identified some of the major reasons behind this crisis:

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GLOBAL BUSINESS

UK, EU agree post-Brexit financial services regulation

AFP, London

Three months after Britain exited the EU, London on Friday reached a cooperation agreement on financial services with Brussels but despite this first step rivalries between the two sides remain. The memorandum of understanding, which is still to be signed, will "create the framework for voluntary regulatory cooperation" and establish a regulatory forum which will "serve as a platform to facilitate dialogue on financial services issues", Britain's finance ministry said.

London and Brussels reached a last-gasp free trade agreement on December 24, just days before Britain was due to leave Europe's single market and customs union on January 1. But the culmination of months of tense talks saw both sides agree to push back a decision on the finance sector, leaving it in limbo.

International banks took an early gamble to prepare for the worst and the possibility of a "hard Brexit" by strengthening their European operations, which allowed for a smooth transition when Britain left the customs union.

"The relationship is more one of competition than cooperation at the moment," Sarah Hall, professor of economic geography at the University of Nottingham, told AFP.

While the particulars of the agreement



REUTERS/FILE

Trucks queue at border control for the port of Dover after the end of the Brexit transition period, in Dover, Britain.

have not yet been released, the full text of the memorandum should be published once it is signed before an end of March deadline set by the UK and the European Union.

The City does not expect an ambitious

agreement between the two sides, given the importance of the financial services sector to the British economy: it contributes about seven percent of GDP and 10 percent of the country's tax revenues amounting to 76 billion.

The memorandum is also not anticipated to address the crucial issue of equivalence, which allows London-based firms to operate on the European continent. For equivalence to be agreed, it has to be granted in 40 separate areas of activity and these can easily be revoked.

For the time being, the EU has only granted two to Britain, while London has granted the EU equivalence in 17 areas. One of these, for example, allows European investors to use British clearing houses and another concerns securities deposits.

Brussels' approach to London in this regard has been less favourable than the 21 equivalences it has with the United States, the 19 it has with Japan and its 15 with Singapore.

Miles Celic, chief executive of TheCityUK, which represents financial services firms, said "securing equivalence determinations from the EU has mutual benefit, especially as economies seek to recover from the pandemic". He added in a recent statement that the delay already had "the unintended consequence of driving more European financial activity to non-European centres, such as New York".

Hall said Brussels had taken a hard line because the EU fears that the UK will end up diverging from European rules. "It seems clear that both the UK and the EU are currently working to support their own financial services sectors," she explained.

NEWS In Brief

Boeing resumes 787 deliveries as widespread inspections loom

REUTERS, Seattle

Boeing Co has resumed deliveries of its 787 Dreamliner jets, handing over one plane to United Airlines on Friday, an initial step as the U.S. planemaker works through production defects that sidelined dozens of aircraft.

Reuters reported last week that Boeing remained on course to resume deliveries of a few 787s this month, which a Boeing spokeswoman said remained the goal.

The delivery from its South Carolina factory comes as Boeing undertakes painstaking repairs and forensic inspections to fix structural integrity flaws embedded deep inside dozens of 787s, issues which halted deliveries since October, cutting off a key source of cash.

The inspections and retrofits could take up to a month per plane and are likely to cost hundreds of millions - if not billions - of dollars, depending on the number of planes across the fleet that are impacted and the defects involved, sources told Reuters.

"We have resumed 787 deliveries, following several months of engineering analysis and inspection work," Boeing spokeswoman Jessica Kowal said by e-mail.

A United Airlines representative did not immediately return a request for comment. Separately last week, the US Federal Aviation Administration decided to independently handle final pre-delivery checks on four 787 jets, in the latest signal of the agency's tougher scrutiny of Boeing after two fatal 737 MAX crashes.



REUTERS/FILE

Final assembly of the first Boeing 787 Dreamliner takes place at the company's Everett, Washington plant.

Volkswagen recalls Audi A3s in US over air bag concerns

REUTERS, Berlin

Volkswagen has issued a recall for more than 150,000 Audi vehicles in the United States on concerns that their passenger air bags might not activate, according to a filing to the National Highway Traffic Safety Administration (NHTSA).

The recall is expected to affect 153,152 Audi A3 cars built between 2015 and 2020, including the Sedan, Etron and Cabriolet models, as well as certain S3 Sedans.

The system which detects whether the passenger seat is occupied might malfunction and switch off the air bag even if a person is sitting there, the filing said.

Volkswagen will write to owners of the affected vehicles by May 21 and will contact them again once a solution to the problem has been found.

Suez Canal steps up efforts to free stuck vessel, US watches energy market impact

REUTERS, Cairo

Dredging and tugging aimed at freeing a mega vessel stuck in the Suez Canal failed on Friday to end a blockage that has lifted shipping rates for fuel tankers and scrambled global supply chains for everything from grains to baby clothes.

US President Joe Biden said his administration was looking at what it could do to help, after the 400-metre (430-yard) long Ever Given ran aground in the vital trade waterway on Tuesday due to strong wind.

"We have equipment and capacity that most countries don't have. And we are seeing what help we can be," Biden told reporters in Delaware.

A US official, speaking on the condition of anonymity, said the Navy was prepared to send a team

of dredging experts to the canal, but was awaiting approval from local authorities.

The latest effort to dislodge the ship with tug boats was suspended

late on Friday, and attempts would resume on Saturday, three sources at the canal said. The Suez Canal Authority (SCA) could not immediately be reached for

comment.

Shipping rates for oil product tankers nearly doubled after the ship became stranded, and efforts to free the giant vessel may take weeks

and be complicated by unstable weather, threatening costly delays for companies already dealing with COVID-19 restrictions.

All its 25 crew members, who have remained on board, were safe, in good health and spirits, Bernhard Schulte Shipmanagement (BSM), the Ever Given's technical manager said.

A Dutch rescue team had confirmed two additional tugs would arrive on March 28 to help dislodge the ship, BSM said.

"There have been no reports of pollution or cargo damage and initial investigations rule out any mechanical or engine failure as a cause of the grounding," a BSM statement said.

Earlier, the SCA said efforts to free the ship by tug had resumed following the completion of dredging operations at its bow to remove 20,000 cubic metres of sand.



REUTERS

Ships are seen at the entrance to the Suez Canal, Egypt on March 26.