Imported scrap metal being unloaded from a ship and onto a truck in Majhirghat of Chattogram. Steel rods used in the construction industry are primarily made from scrap metal imported through the Chattogram port or metal collected from the breakdown of scrapped ships. The metal is melted to form billets which are later again melted to be poured into mould cavities to form rods of different shapes and sizes. The photo was taken recently. PHOTO: RAJIB RAIHAN

Clock ticks down towards a Russian default

REUTERS, *London*

Russia faces its first sovereign external default in over a century after it made arrangements to make an international bond repayment in roubles earlier this week, even though the payment was due in US dollars.

S&P on Saturday lowered the country's foreign currency ratings to "selective default" on increased risks that Moscow will not be able and willing to honour its commitments to foreign debtholders.

Russia has not defaulted on its external debt since the aftermath of its 1917 revolution, but its bonds have now emerged as a flashpoint in its economic tussle with Western countries.

A default was unimaginable until recently, with Russia rated as investment grade in the run up to its February 24 invasion of Ukraine, which Moscow calls a "special military operation".

Here are answers to key questions:

Russia was due to make a payment of $649 million to holders of two of its sovereign bonds on Monday. But the US Treasury blocked the transfer, preventing Russia from using any of its frozen foreign currency reserves for servicing its debt.

Coming up with an alternative, Russia placed the rouble equivalent of those payments for bondholders from so-called unfriendly nations in special accounts at its National Settlement Depository.

Moscow has a 30-day grace period from the payment date, which was April 4.

Analysts say Russia has the means and ability to pay. The country receives billions in US dollars in revenue from energy exports, and while around half its foreign exchange reserves are frozen, it has hundreds of millions that are not.

Elina Ribakova, deputy chief economist at the Institute of International Finance, said this was likely a "willingness-to-pay situation."

The US Treasury did not ban correspondence banking with Russia, subject to checks, and has granted a license to allow for payments relating to Moscow servicing sovereign debt until May 25.

All this means it looks like Russia could still make the payment, if it wanted to, according to analysts.

At its most basic level, a default is a breach of contract, though the term can cover a variety of scenarios.

Payment default is a failure to pay principal, interest or other amounts due after the grace period has passed, according to a paper by restructuring experts at the International Monetary Fund.

However, there are also technical defaults due to events such as administrative errors, generally viewed by market participants as minor and swiftly remedied.

Legal experts say payment in the wrong currency, in this case roubles, constitutes a non-payment.

Russia has dismissed the notion of a default.

"In theory, a default situation could be created but this would be a purely artificial situation," Kremlin spokesperson Dmitry Peskov said on Wednesday.

"There are no grounds for a real default."

A default is a state of affairs, not a credit rating though markets often look to credit-rating agencies to declare a default has occurred.

S&P, assigning Russia a "selective default" rating, said it did not expect investors would be able to convert the rouble payments into dollars equivalent or that the government will convert those payments within a 30-day grace period.

With major ratings agencies having withdrawn ratings on Russia it is not entirely clear what manner of announcements might be made.

A default will have wider ramifications.

It could, for example, trigger credit default swaps (CDS) - an insurance policy bought by investors for such a case. A determinations committee will take a view on whether a "non-payment" event has occurred.

US curbs Russian access to foreign fertilisers, valves

REUTERS, *Washington*

The United States on Friday broadened its export curbs against Russia and Belarus, restricting access to imports of items such as fertilizer and pipe valves as it seeks to ratchet up pressure on Moscow and Minsk following the Russian invasion of Ukraine.

President Joe Biden's administration also restricted flights of American-made aircraft that are owned, controlled or leased by Belarusians from flying into Belarus "as part of the US government's response to Belarus's actions in support of Russia's aggressive conduct in Ukraine."

Washington has sought to deepen sanctions against Russia and ally Belarus after a withdrawal of Russian troops from northern Kiev revealed mass graves in the town of Bucha.

On Wednesday, the United States targeted Russian banks and elites with a new round of sanctions, including banning Americans from investing in Russia, in response to what President Joe Biden condemned as "major war crimes" by Russian forces in Ukraine.

Russian President Vladimir Putin's invasion, which began on February 24, is Europe's bloodiest conflict since World War Two. Russia calls it a "special military operation" aimed at protecting civilians.

The Commerce Department said it will begin requiring Russians and Belarusians to get a special license when seeking to obtain a host of goods from US suppliers and pledged to deny those licenses.

Canada jobless rate drops to record low

AFP, *Ottawa*

Canada's unemployment rate fell to the lowest on record in March as job gains continued throughout the economy, Statistics Canada announced on Friday.

The jobless rate fell to 5.3 per cent, two-tenths lower than the prior month, and "the lowest rate on record since comparable data became available in 1976," the report said.

"With the exception of an increase in January 2022, the unemployment rate has fallen consistently in recent months," the agency said.

The decline came as the economy added 73,000 jobs last month, a 0.4 per cent increase driven by gains among women over 55 years old, and "core aged" men 25 to 54, according to the report. "The decline in the jobless rate was more pronounced than expected," said Royce Mendes, analyst at Desjardins.

While the job gains slowed from the 337,000 created in February, the increase in employment comes amid the continued easing of Covid-19 restrictions which allows the return to in-person work.

Average hourly wages increased 3.4 per cent compared to March 2021.

Employment increased in both services and goods sectors, notably in agriculture, which saw its first increase since the end of 2020.

Sheikh Bashir Uddin, managing director of Akij Group, cuts a ribbon to inaugurate its first 470 kilowartts rooftop solar plant at Dobra's Janata Jute Mills in Boalmari, Faridpur recently. Jason Li, board member of Huawei Technologies Bangladesh, and Sirajul Haque, chairman of Cynergy, were present. PHOTO: AKIJ GROUP

Akij sets up its first rooftop solar power plant

STAR BUSINESS DESK

Akij Group has set up its first rooftop solar plant with a power generation capacity of 470 kilowatts at Janata Jute Mills in Faridpur's Boalmari upazila with technical solutions and support of Huawei and Cynergy.

In the next four months, the capacity will be increased to 2.4 megawatts. The group plans to eventually generate 5 megawatts from the plant for its own industrial use and channel any unused electricity to the national grid.

Sheikh Bashir Uddin, managing director of Akij Group, Jason Li, board member of Huawei Technologies Bangladesh, and Sirajul Haque, chairman of Cynergy, inaugurated the plant after signing a tri-party agreement in Dhaka recently, said a press release.

"Bangladesh should now turn its attention to renewable energy as this is where the future lies. We should set a goal to generate 100 per cent of electricity from renewable sources by 2025," said Bashir.

"Everyone has a role to play in this regard. The project we are inaugurating today is just a start," he said.

Md Abdul Mannan, managing director of Rajshahi Krishi Unnayan Bank (Rakub), and Md Zakir Hossain, managing director of Rajshahi Wasa, hold signed documents of an agreement on collecting the water bill of Rajshahi Wasa at the latter's office in Rajshahi on Thursday. SM Tuhinur Alam, deputy managing director of Rajshahi Wasa, Md Parvez Mamud, chief engineer, Md Zainal Abedin, general manager (administration) of Rakub, Md Abul Kalam and Shawkat Shahidul Islam, deputy general managers, were present. PHOTO: RAKUB

Apparel diplomacy gains momentum

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the meeting, we informed him of the coronavirus pandemic's devastating impacts both on our public health and the economy and explained to him why Bangladesh needs at least a 10-year extension for smooth and sustainable LDC graduation.

We requested the WTO chief to drum up support for Bangladesh among its member countries and sought its assistance in trade negotiations and economic diplomacy, especially in the areas of the signing of the Free Trade Agreements (FTAs) and Regional Trade Agreements (RTAs).

WTO's intervention to ensure due diligence in trade in commercial terms, in collaboration with its signatory members and global forums, has been sought since a number of global brands went broke during the pandemic, creating uncertainty for suppliers over payments. Dr Okonjo-Iweala took note of the issues and assured us of all-out support from the WTO.

The European tour turned out to be an opportunity for us to highlight the RMG sector's achievements and potential before the European Union. During a meeting with Jordi Curell, director for international affairs at the Directorate General for Employment, Social Affairs and Inclusion at the European Commission in Brussels, the BGMEA delegation shed light on the progress made by the garment industry, particularly in maintaining labour standards and workers' welfare.

A team from the European Commission, led by Jordi Curell, visited Bangladesh in March to assess the progress on labour conditions and the national action plan and roadmap to achieve the parameters towards obtaining GSP Plus and have a smooth LDC graduation. We informed them of the sector's progress in these areas and asserted our firm commitment to keep the momentum going forward.

We urged the EU to continue its trade benefits for Bangladesh for 10 years after the country's graduation from LDCs in 2026 and requested the EU officials to support Bangladesh in attaining GSP Plus.

We met with Ewa Synowiec, director for Africa, Caribbean and Pacific, South East and South Asia, Trade and Sustainable Development and Green Deal of the European Commission in Brussels. We informed her that while LDC graduation will pose several new challenges for Bangladesh, it would also bring immense opportunities. The EU can play a key role in enabling Bangladesh to tap those potentials.

In Brussels, the BGMEA delegation met with Linda Kromjong, president of Amfori, which represents more than 2,400 retailers, importers, brands and associations from over 40 countries.

We discussed possible areas of collaboration to enable the RMG industry to pursue greater excellence in social and environmental sustainability. We solicited Amfori's support in promoting Bangladesh as a safe and sustainable apparel-sourcing destination among its members and securing the "Everything but Arms (EBA)" facility from the EU.

We met Rensje Teerink, a senior official of the EU, and requested her to promote Bangladesh within the EU. She has been a good friend of Bangladesh as she closely observed the development and transformation of the industry into a safe and sustainable one. We hope Rensje Teerink would continue her friendly support to promote the interests of Bangladesh in the EU.

The delegation of the BGMEA met with Sharan Burrow, general secretary of the International Trade Union Confederation, as well.

During a meeting with Matthijs Crietee, secretary-general of the International Apparel Federation (IAF), we chalked out the programme details for the 37th IAF World Fashion Convention to be held in Bangladesh in November 2022.

We had a fruitful meeting with ILO Director-General Guy Ryder at the ILO headquarters in Geneva. He praised the progress made by Bangladesh in making the workplace safer and improving working conditions in the apparel industry.

The BGMEA delegation had an impromptu meeting with Alke Boessiger, deputy general secretary of the UNI Global Union in Geneva. Both sides expressed their intent to work together to carry forward the achievements made by the garment industry.

During the US tour in March, the BGMEA team joined the Executive Summit of the American Apparel & Footwear Association (AAFA) in Washington. We apprised them of the paradigm shift in Bangladesh's garment industry.

The industry is also increasingly focusing on diversifying its products, especially high-end non-cotton items and building capacities to cater to the demands of global brands and buyers. Diversification of products is a key to ensuring sustained growth of the apparel industry.

I called upon global apparel brands to collaborate with suppliers to build their capacities in the manufacturing of high-end apparels, especially non-cotton items and textile textiles.

During the tour, we tried to ensure that bilateral trade ties between Bangladesh and the US don't get hampered under any circumstances. The BGMEA and the AAFA signed a memorandum of understanding on March 10.

As per the MoU, the AAFA will support Bangladesh in promoting its trade interests in the US market, especially advocating for the withdrawal of the GSP suspension. Given the current circumstances, having such a deal with the AAFA, which represents more than 1,000 famous brands, retailers and manufacturers, is really inspiring and reassuring.

We hope our diplomatic efforts will play a proactive role in upholding the interests of Bangladesh in the international arena.

The author is president of the Bangladesh Garment Manufacturers and Exporters Association.