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ICC BANGLADESH INTERNATIONAL CHAMBER OF COMMERCE

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NEWS BULLETIN

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Economic impact of pandemic in South Asia

BANGLADESH
INTERNATIONAL CHAMBER OF COMMERCE
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About ICC Bangladesh

International Chamber of Commerce (ICC), The world business organization, with its headquarters in Paris, celebrated its Centenary world over in 2019. ICC, with physical presence in more than 100 countries, represents 45 million companies and more than 1 billion workers worldwide. One in every three worker depend on ICC Members for their livelihood.

ICC was founded in 1919 in the aftermath of the First World War when no world system of rules governed trade, investment, finance or commercial relations. ICC's founders, referred to as "The Merchants of Peace", acted on their conviction that building stronger trade relations between nations would reduce the risk of war and armed conflict. ICC, is the largest and the only private sector non-sovereign organization, which was granted Status of a Permanent Observer at the General Assembly of the United Nations in December 2016.

ICC works in close cooperation with national governments and multi-national institutions such as G-8/G-20, World Bank, WTO, Asian Development Bank, UNCTAD, OECD and several UN agencies for promotion, protection and development of world economy.

Bangladesh National Committee of ICC, founded in 1994, is comprised of trade organizations, national and trans-national corporations, who represent almost 80% Bangladesh economy.

The activities of ICC Bangladesh include promotion of foreign trade and investment, trade policy reviews, business dialogues, seminars & workshops both at home and abroad on related policy issues, harmonization of trade law & rules, legal reforms, updating businesses with the ICC rules & standards for cross border business transactions. ICC Bangladesh has so far organized following regional & international conferences.

- 10-11 November 2000: ICC Asia Conference on "Investment in Developing Countries: Increasing Opportunities" organized in Dhaka was inaugurated by the Prime Minister of Bangladesh and attended by a number of high profile dignitaries including the Thai Deputy Prime Minister & WTO Director General Designate, ADB President, UN-ESCAP Executive Secretary and Chinese Vice Minister for Foreign Trade & Economic Cooperation. More than 250 participants from 24 countries participated in this event.
- 17-18 January 2004: International Conference on "Global Economic Governance and Challenges of Multilateralism" was held in Dhaka, coinciding with 10th Anniversary of ICC Bangladesh. The Conference was inaugurated by the Prime Minister of Bangladesh and Thai Prime Minister was the Keynote Speaker. WTO Director General, EU Commissioner for Trade, UNESCAP Executive Secretary, Governor of Japan Bank for International Cooperation, six Ministers from three continents, Bangladesh Ministers, ICC Chairman, ICC Vice Chairman, ICC Secretary General and more than 500 participants from 38 countries attended this event.
- 27-28 September 2005: Regional Seminar on "Capital Market Development: Asian Experience". The Seminar held in Dhaka was inaugurated by the President of the People's Republic of Bangladesh and attended by Chairmen/CEOs of securities & exchange commissions, stock exchanges, capital market operators, financial institutions and investors from 15 Asian countries.
- 13 April 2010: Conference on "Energy for Growth" was held in Dhaka coinciding with the 15 years of ICC's presence in Bangladesh. The Conference was inaugurated by the Finance Minister of Bangladesh and attended by ICC Global Chairman, Minister for Commerce of Bangladesh, Minister for Development Cooperation of Denmark and Adviser to the Bangladesh Prime Minister for Energy & Mineral Resources. Some 800 delegates from home and abroad including energy experts and international financiers from Australia, China, Denmark, India, Germany, Japan, Singapore, Switzerland, UK and USA attended the event.
- 25-26 October 2014: International Conference on "Global Economic Recovery: Asian Perspective", was in held in Dhaka coinciding with the 20 years of ICC's presence in Bangladesh. The Conference was inaugurated by the President of the People's Republic of Bangladesh. Minister for Finance & Minister for Commerce of Bangladesh, UNCTAD Secretary General, Ministers from Myanmar and Nepal; ICC Vice Chairman; ICC Secretary General; ICC Research Foundation Chairman; Director of ICC National Committees and more than 500 participants attended this event.
- 8-9 February 2017 : The first ever "UNESCAP Asia Pacific Business Forum: Regional Integration to Achieve Sustainable Development" was organized by ICC Bangladesh jointly with UNESCAP under the patronage of the Ministry of Commerce, Government of Bangladesh. The Forum was inaugurated by the Hon'ble President of the People's Republic of Bangladesh. Ministers from Bangladesh, Sri Lanka, Nepal, UNESCAP Under Secretary General, UNCTAD Secretary General, business leaders and some 600 delegates from home and abroad attended the Forum.
- 10-12 December 2019 :"The Asia Pacific Conference on Financing inclusive and Sustainable Development" was organized by ICC Bangladesh jointly with UNESCAP, ADB and LIBF (The London Institute of Banking & Finance) under the patronage of the Financial Institutions Division (FID), Ministry of Finance, Government of Bangladesh to celebrate 100 years of ICC and 25 years of ICC Bangladesh. The Hon'ble President of the People's Republic of Bangladesh inaugurated the Conference. Video Messages from UN Secretary General Mr. António Guterres and 8th former United Nations Secretary General Mr. Ban-Ki moon were also played during the inauguration. Ministers from Bangladesh, Cambodia, Maldives and Sri Lanka, Under-Secretary-General of the United Nations and Executive Secretary of ESCAP, Central Bank Governors, Business Leaders, Policy Makers, Experts and some 800 delegates from home and 30 foreign countries attended the Conference.

As part of its activities, ICC Bangladesh has been organizing Workshops/ Seminars on International Trade Finance, mainly for bankers, within Bangladesh and in various countries. Since 2014, the National Committee has organized workshops in Kuala Lumpur (April 2014); in Colombo (February 2015); in Kunming (August 2015); in Yangon (November 2015); in Hanoi (April 2016); in Bangkok (December 2017) and in Phnom Penh (April 2018).

The National Committee also arranged participation of Bankers from Bangladesh at ICC Annual Banking Meetings held in Singapore (April 2015), in Jakarta (April 2017) and in Beijing (April 2019). Besides, ICC Bangladesh arranged participation of Bankers at ICC Austria Global Trade Conference held in Vienna in May 2017, June 2018 and May 2019, FCI Annual Meeting in Vietnam (June 2019), ICC Academy 8th Supply Chain Summit in Singapore (February 2019), International Financial Crime Forum in Kuala Lumpur (July 2019) and World Conference on Banking Institutions (WCBI) organized by London Institute of Banking and Finance (LIBF) in London (September 2019).

For professional development of bankers, ICC Bangladesh also organizes Certified Documentary Credit Specialist (CDCS), Certificate for Specialists in Demand Guarantees (CSDG) and Certificate of International Trade Finance (CITF) Examinations in Dhaka, conducted worldwide every year by LIBF (London Institute of Banking and Finance) and endorsed by ICC Paris.

ICC Bangladesh participates in most of the World Chambers Congress & ICC World Congresses held every two years and WTO Ministerial Meetings as well as ICC Regional Consultative Group Meetings. The National Committee also arranges visit by Bangladesh Business delegation to different countries for promotion of trade and investment.

International Chamber of Commerce

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Editor's Note

Regional cooperation can bolster South Asian capabilities to fight the pandemic

Just a year ago, on March 11, 2020, the World Health Organization declared COVID-19 a global pandemic. According to WHO, the virus has infected over 135.65 million people worldwide and 2.93 million death, as of 31 March. To control the infection, the associated lockdowns have devastated economies. Analysts have identified the pandemic as a turning point in world history, with ramifications for everything from climate change to the global balance of power.

South Asia has done better in containing the pandemic in the form of a single metric: the number of deaths from COVID-19 per million people. According to World Bank South Asia Economic Focus released on 31 March, prospects of an economic rebound in South Asia are firming up as growth is set to increase by 7.2 percent in 2021 and 4.4 percent in 2022, climbing from historic lows in 2020 and putting the region on a path to recovery. But growth is uneven and economic activity is still well below pre-COVID-19 estimates, as many businesses need to make up for lost revenue and millions of workers (mainly informal sector), still reel from job losses, falling incomes, worsening inequalities, and human capital deficits.

The Region is set to regain its historical growth rate by 2022. Electricity consumption and mobility data is a clear indication of recovering economic activity. India, which comprises the bulk of the region's economy, is expected to grow more than 10 percent in the fiscal year 2021-22-a substantial upward revision of 4.7 percentage points from January 2021 forecasts. The outlook for Bangladesh, Nepal, and Pakistan has also been revised upward, supported by better than expected remittance inflows, WB added.

According to United Nations World Economic Situation Prospects (WESP) 2021 released in January, the pandemic and the global economic crisis have consequently left deep marks on South Asia, turning this former growth champion into the worst performing region in 2020.

But to grow back stronger, South Asian countries will need first to redouble their efforts to diversify their economies, while at the same time taking stock of global trends initiated by the crisis, such as restoring of global value chains (GVCs) and a decreased appetite for contact-intensive services. Achieving resilience to external shocks should be among the most important considerations within the decision framework for policymakers in South Asia who are currently rethinking their industrial policies, UN WESP 2021 added.

According to World Economic Forum this crisis can also usher in a new era of collaboration in South Asia. Enhanced regional cooperation can bolster the region's capabilities to fight the pandemic and its economic losses in the near term and simultaneously bring long-term benefits through increased intraregional trade, acceleration in shared growth and poverty reduction. Governments and businesses must come together to that extent.

In South Asia's intraregional trade accounts for barely 5 percent of total trade, compared to the ASEAN region where intraregional trade makes up 25 percent. Trade among South Asian countries currently totals just $23 billion -- far below an estimated value of at least $67 billion. Further, a seamless transport connectivity between India and Bangladesh has the potential to increase national income by as much as 17 per cent in Bangladesh and 8 per cent in India, the World Bank said.

However, 2nd/3rd wave of Covid-19 and other new variety of virus have already spread all over the world. The whole world again advancing towards lockdowns and other social restrictions, which will impact the region's economy further. At thus circumstances, it is unpredictable to estimate further economic damages. But as most of the South Asian countries are able to manage crisis, it is of utmost importance for the governments and all stakeholders to work together and share their experiences, like in the past, to face the challenges successfully and lead the world economy in future.

ICC Bangladesh News

ICC Bangladesh-ADB-ICC UAE Webinar on Global Awareness on Open Account Export Transactions in Bangladesh: Measures needed to reduce cost and non-payment

ICC Bangladesh organized a Webinar on Global Awareness on Open Account Export Transactions and Recent Policy Changes in Bangladesh on 18 March jointly with Asian Development Bank (ADB) and ICC UAE.

ICC Bangladesh President Mahbubur Rahman in his opening remarks said, "It is now open account system and we should continually see that adequate protection is there for exporters from a given country." He said around 85 per cent of international trading are now being handled by this system around the world and "We should have to go for it and we should also see that our interests are protected."

"From that point of view, factoring and insurance are there and ICC Bangladesh is looking for the ways to protect traders," he said, adding that importers have to their credit rating so that the exporters from Bangladesh can rely on them.

He said "COVID-19 outbreak, which is still continuing, has shocked international trade and, as a result, the serious challenges of international trade transactions are being translated into disruptions and shrinkage of trade finance; the main driver of economic development". Traders, exporters, and importers are facing difficulties with preparing, shipping, and receiving goods; making and receiving payments; cancellation of orders and commitment failures; huge cash crunch; and failure to comply with lending institutions' obligations, he observed.

In this evolving and increasingly uncertain environment, banks, traders, and policymakers have become anxious and skeptical about the interpretations of 'certain situations of commitment failures' within the regulatory frameworks and guidelines, said ICCB President.

"With the celebration of 50 years of independence, Bangladesh has stepped into a new journey as it qualified to graduate into a developing nation from a Least Developed Country (LDC). Until 2026, the country will continue to enjoy the trade benefits as an LDC. However, Bangladesh will reach a new height globally following the graduation from LDC to a developing one" he said.

Though, "after the formal graduation, Bangladesh will lose the benefits for LDCs, such as soft loans and export facilities. According to the latest Perspective Plan 2021-2041, Bangladesh is likely to lose $7.0 billion's worth of export earnings annually after its graduation to a developing nation. Around 70 per cent of Bangladesh's export is conducted under preferences given by some developed and developing nations under the LDC criteria. According to experts export market diversification will be a major challenge for post LDC era" ICC Bangladesh President mentioned.

Under these circumstances, Bangladesh Bank's circular issued on June 30, 2020 on 'conditional open account transactions' was a good initiative, ICCB President added. He, however, observed that only the introduction cannot ensure benefits. All the stakeholders need to work to optimise the benefits of the new policy. He said the facility offered under the changed policy has been in operation for the last seven months."I understand that the exporters still prefer export through Letters of Credit instead of open account and the banks are yet to have arrangements with international factoring companies/foreign banks/ foreign financial institutions/trade financiers/insurance entities for international export factoring," he said.

Mr. Rahman said "as global economies become more integrated, it is easier for exporters and importers themselves to access dependable information about foreign-trade partners, and they are less willing to pay for the risk protection afforded by traditional methods. This has led to a preference for open accounts, and banks can provide value through supply chain finance (SCF), taking care of invoices and funding suppliers (and buyers) against invoices. There is a huge potential market in open account transactions, and banks can take advantage of these volumes by promoting their foreign exchange and SCF services more consistently".

The Webinar moderated by Director of ICC United Arab Emirates (UAE) & Member of the Executive Board of ICC Banking Commission, Paris Mr. Vincent O'Brien was also addressed by Mr. Muhammad A. (Rumee) Ali, Chairman, ICC Bangladesh Banking Commission & CEO, Bangladesh International Arbitration Centre (BIAC); Mr. Steven Beck, Head of Trade and Supply Chain Finance, Asian Development Bank(ADB); Dr. Prashanta Banerjee, Professor and Director of Bangladesh Institute of Bank Management (BIBM); Dr. Rubana Huq, President, Bangladesh Garment Manufacturers & Exporters Association (BGMEA); Mr. Md. Fazlul Hoque, ICC Bangladesh Executive Board Member & Former President Bangladesh Knitwear Manufacturers & Exporters Association (BKMEA); Syed Nasim

Manzur, Former President, MCCI, Dhaka & Managing Director, Apex Footwear Limited; Mr. Mohammad Shams-Ul Islam, Managing Director & CEO, Agrani Bank; Syed Mahbubur Rahman, Former Chairman Association of Bankers Bangladesh & Managing Director & CEO of Mutual Trust Bank; Mr. Emranul Huq, Managing Director, Dhaka Bank; Mr. Muhammad Shohiduzzaman, Country Head of Global Trade and Receivables Finance, HSBC; Mr. Can Sukten Relationship Manager of the ADB; ICC Bangladesh Secretary General Ataur Rahman; Mr. Md. Naimul Huda, Chief Finance Officer, Incepta Pharmaceuticals Ltd. and Mr. Habibullah Rizwan, General Coordinator, ICC UAE.

Chairman of ICC Bangladesh Banking Commission Muhammad A. (Rumee) Ali, welcoming the panelists mentioned that the speakers at today's webinar represent almost 100 per cent of the export sector of the country. As such, he hoped that the discussions at the webinar will help to reach a consensus or suggest solutions and recommend certain directions to make this system of Open account export more effective. The Policy will certainly lead to cost efficiency the industry and the banks and both looking for which will increase the volume of export and contribute to the economic growth of the country, he said. "We must not lose sight of potential risks and we have seen what can happen. During the pandemic, we had some issues with RMG industries which makes it more important for us to look at the other side of the issue. 'What-would-happen-after' should be considered first and there should be coverage for the potential risks", Mr. Ali observed.

In order to safeguard the risks, Chief Executive Officer of BIAC Mr. Ali suggested that exporters must make sure that the contracts contain clause which will allow for ADR to settle dispute. He said that BIAC has been arranging ADR for commercial disputes and exporters can avail ADR facilities of BIAC in case of a dispute with the buyer.

Head of Trade and Supply Chain Finance of ADB Steven Beck said "last year ADB managed to increase the support to Bangladesh as part of trade finance programme and the total amount reached around 1.4 billion US$ levels which is around 60 percent year –over-year increase. So we are hoping to continue our support on that front; some of these that we are already discussing falls into our existing product programme parameters. We provide our partner banks in Bangladesh direct financing for the export receipt transactions. Unfortunately as of now we can not take direct corporate risk and issue the payment undertaking directly in favour of the bank in Bangladesh".

However, what ADB can do is talk to the international banking partners who are already dealing with big buyers in Europe and US to have credit limits for the buyers to issue standby letter of credit in favour of Bangladeshi banks to cover the payment risk of these buyers for a payment term like one year or six months, he observed.

Steven said " Our partner banks in Bangladesh can provide factoring basically for the domestic suppliers, where ADB can add value and partner up with international banks to provide risk participation to those international banks, so we can take on these big international corporates at the beck end. ADB can not facilitate this flow directly by itself through issuing the bank guarantee. However if we can identify the big international banks who have this appetite and whereas they need, ADB can come in to fund them or to provide risk participation which may in turn decrease their costs while they are issuing these SPRC's in favour of local banks. So it's working progress , its not a 100% in ADB's control as well, we need to find the right partners but we are still working towards this direction. When there is some progress we will inform our partner banks".

Mr. Steaven thanked every one present at the webinar and said "ADB gladly support the activities to develop awareness to fully leverage the opportunities brought by the open account export transaction scheme which was introduced by the Bangladesh Bank last year. We have organized the first of the joint webinar series of the ICC Bangladesh and ICC UAE back in October last year. At that time the focus was more on banks and how they would take advantage of this new open account scheme and what needs to be done. We are very pleased to participate in the second joint webinar which of course is aiming not so much at banks but more at the exporters of key industries in Bangladesh to better understand their needs on how to make the most of this scheme and address the bottlenecks to implement such solutions on the ground. We will continue to work with the Bangladesh Bank and with ICC Bangladesh and our partner banks in Bangladesh to help in this transaction period. We are ready to support you know through technical assistance and training and also those programme side with the difference solutions hopefully in time.

Dr. Prashanta Banerjee presented the keynote paper on Bangladesh Bank Policy on Open Account Export Transactions and its impact on exporters during July 2020 -February 2021. He explained in detail the objectives of the new Policy and its impact on the international trade transactions. He observed that there should be awareness among exporters and importers to spread the use of the open account trading system. The system is effective between a SME exporter from a developing country and a well-known importer from a developed country. The system is also effective for a developing country to import consumer goods, which are being imported frequently. But the system will not be effective for capital goods, which are not imported frequently, he added.

The speakers stressed the need for finding a mechanism to develop a bridge between the Export Development Fund (EDF) and foreign financial institutions (FFIs) for taking credit guarantee risks in cases of open account exports. They expressed the concern that the country was losing competitiveness in the international market in the absence of an affordable mechanism for the open account exports. Bangladesh requires its own factoring for functioning open account exports so that it could offer international standard services at competitive rates, they added. It was suggested that the Bangladesh Bank should formulate policies in this regard for protecting the country's exporters in open account trading as there is no way back to letter of credit for international trading. They said there should be buyers' credit rating as well to protect the country's exporters.

It may be mentioned that since the pandemic struck the globe, foreign buyers have not been keeping with their trade commitments to Bangladeshi suppliers, instead putting pressure for price cut, work order cancellation, and payment deferment, observed the speakers. Under such a situation, exporters might plunge into a new kind of risk if international trade is operated using the open account transactions system instead of the traditional payment mechanism – letters of credit (LC).

Using this method instead of the LC, the exporters will save time and money, but the financial risk that exporters will be facing should be minimized by forming a globally recognized third party, like the Asian Development Bank (ADB) and the International Finance Corporation, they suggested.

BGMEA President Dr. Rubana Huq said that buyers are preferring the open account transaction system and that there is some pressure from their end to introduce the system. Both exporters and importers could benefit from such types of transactions only if the trade is made between parties who have an existing relationship, she observed. However, there is a need for underwriting the risks of Bangladeshi manufacturers right now considering the Covid-19 pandemic. "So, we are facing two aspects here. One we are welcoming open accounts for selling on credit and, on the other hand, we are exposing ourselves to further vulnerabilities," she said.

ICC Bangladesh President Mahbubur Rahman (centre top) inaugurated the Webinar, which was also addressed by : Mr. Muhammad A.(Rumee) Ali (left top), Chairman, ICC Bangladesh Banking Commission and AB Bank Limited & CEO of Bangladesh International Arbitration Centre (BIAC); Mr. Steven Beck (right top), Head of Trade and Supply Chain Finance, Asian Development Bank (ADB); Dr. Prashanta Banerjee (centre bottom), Professor & Director, Bangladesh Institute of Bank Management (BIBM), Dhaka; Mr. Vincent O'Brien (right bottom), Member of the Executive Board, ICC Banking Commission, Paris and Director, ICC United Arab Emirates; and Mr. Ataur Rahman (left bottom), Secretary General, ICC Bangladesh.

"Most of the buyers are known to us, but there must be credit rating" Dr. Huq said and proposed that there should be both external and internal credit rating of buyers' to solve the problems and balance the two sides. She said the open account are being used for export to many unproven and unknown retailers who do not have credit rating too. "Bangladesh has US$ 8.0 billion receivables at this point," she informed the webinar, adding that it is a huge risk selling to unknown retailers. The BGMEA President suggested that the Bangladesh Bank could reduce the condition to introduce foreign guarantors in this regard.

Former BKMEA President Md. Fazlul Hoque said the markets are demanding more factoring, but the factoring service is not organized at all in Bangladesh. "Few foreign companies are offering factoring services, but there is no unified rate and the cost is too high," he said.

Mr. Hoque said that factories in Bangladesh are not operating at full capacity and there is no unified rate of exportable products, and the price rates are lower than the competitive level. "Importers are asking for more discounts after the Covid-19 pandemic and are deferring export payments. That is why open account trade will create some risks" he said. It would be good if Bangladeshi companies come up with factoring services of international standard at competitive rate and Bangladesh Bank can formulate a comprehensive policy for the open account trading system with close monitoring of the model's execution, Mr. Hoque observed.

Managing Director of Apex Footwear Syed Nasim Manzur said simplicity, lower costs are among many advantages of open account trading but there are risks if things do not go right. He said these risks are mitigated by private credit insurance, but their costs are simply too high. The government of Bangladesh has export credit guarantee scheme, but "it doesn't work and it's too expensive as well", he added. "I think it needs to be worked out on how the export credit guarantee cost can be reduced," he said, adding that there are three key risks – non-payment by importers after delivery, non-acceptance of consignments and bankruptcy, in the open account trading system.

Former MCCI President suggested to introduce an export credit guarantee scheme to mitigate these risks and utilize the benefits of reduced costs, digital payments and export funding from abroad through the open account trading system. "We need to identify each of these in the policies of Bangladesh Bank", Mr. Manzur said and observed that the EDF is one of the greatest innovations the country has for affordable exports.

Incepta Pharmaceuticals Ltd. Chief Finance Officer Md. Naimul Huda said “In addition to meeting 97% of local requirements, the pharmaceutical companies are also exporting medicine to various countries. Though the export amount is not remarkable but the growth rate of Pharmaceutical export is moving upward. According to the latest export data of Export Promotion Bureau, Bangladesh exported medicine to 119 countries in last 8 months”.

He said that most of the importing countries are less regulated, do not have proper financial and legal infrastructure and as such finding the right importer/distributor in those countries is a big challenge for Bangladesh. “It is also very difficult to assess the credit position and get a good credit reference. For this reason, in most cases we prefer cash prepayment or confirmed L/C for the foreign exchange transaction. Exporting under open account credit terms is a good option but it will not be widely used in the current business situation” observed Mr. Huda.

Panelist speakers of the webinar from left to right are : Dr. Rubana Huq, President, Bangladesh Garment Manufacturers & Exporters Association (BGMEA); Mr. Md. Fazlul Hoque, Former President of Bangladesh Knitwear Manufacturers & Exporters Association (BKMEA) & Managing Director, Plummy Fashions Limited; Syed Nasim Manzur, Former President, (MCCI) & Managing Director, Apex Footwear Limited; Syed Mahbubur Rahman, Former Chairman, Association of Bankers Bangladesh &Managing Director, Mutual Trust Bank; Mr. Emranul Huq, Managing Director, Dhaka Bank Limited; Mr. Muhammad Shohiduzzaman, Country Head of Global Trade, and Receivables Finance, HSBC; Mr. Md. Naimul Huda, Chief Finance Officer, Incepta Pharmaceuticals Ltd.; Mr. Can Sutken, Relationship Manager, Trade and Supply Chain Finance Program, Private Sector Financial Institutions Division, ADB & Habibullah Rizwan, General Coordinator-ICC United Arab Emirates.

According to him, in the case of exports to highly regulated and developed countries pharmaceutical exports will increase substantially in the next few years as a number of local companies have obtained certifications from US FDA, EU. “Export under open account credit terms will be very much helpful. This policy is nice, can safeguard the interest of exporters. But when it comes to implementation, we think a lot more needs to be done here. Our local banking partners need to come forward to build a network with foreign counter partners so that we can bring our foreign distributors or importers in this system” he observed.

Former ABB Chairman and Managing Director of Mutual Trust Bank Syed Mahbubur Rahman said global awareness is required so that everyone knows about the policy change on both sides. He said the exporters are always running a risk and observed that EDF is playing a big role which is very cheaper now in comparison with open account. He hoped that open account will be popular once the Covid-19 is over as open account factoring is now a reality and more than 80% of the global trade are being settled through the system.

He mentioned that currently the world knows that Bangladesh is a country of documentary credits business. All trade finance and trade payment risk mitigation products are bundled for documentary credit and driven by correspondent banks, he said. Recent Policy changes in export legs, where open account trade is permitted through proper risk mitigation abroad, is new to the global banks and other trade financiers. Therefore, there should be dialogue to create global awareness about this policy changes so that new products suitable to this circular will be added in correspondent banking product baskets and new financiers like factoring companies, insurance companies and other trade financiers will enter into the system, the Former ABB Chairman suggested.

Syed Mahbubur Rahman said that banks are now preparing themselves to facilitate exporters under the new Policy Circular and approximately 7/10 banks have become associated members of FCI. In the present context, there are slow demand for the product due to very lucrative Export Development Fund (EDF) facilities for all BTB payments, he said. In few cases, Global buyers are also offering very cheap rate discounted payment. He suggested that ADB can also extend their arms under the supply chain financing products.

Dhaka Bank Managing Director & CEO Emranul Huq said "the new policy changes of Bangladesh Bank allowing export under open account terms is a timely and sensible decision of the central bank. Since around 90% of world trade is being conducted under open account credit terms, we must adopt this payment mechanism which will increase our market competitiveness". To increase overall export, especially RMG adoption of open account transaction is essential, otherwise the country will be lagging behind the competitors because, all the big buyers prefer this payment mechanism in trading goods, he said.

"But we need to consider the associated risks of open account transaction and our non-repatriated export proceeds which is around $8.00 billion at present. To reap maximum benefits of open account terms transaction and Recent Policy Changes of Bangladesh Bank, we may: link EDF facility/fund with open account terms which will reduce costing of the exporter and payment undertaking/ payment risk coverage may be waived for the world renowned buyers having excellent credit rating by international credit rating agencies/companies; the payment guarantee in open account system increases the cost while open account was introduced to reduce the cost" Dhaka Bank MD added.

HSBC Country Head of Global Trade, and Receivables Finance Muhammad Shohiduzzaman referred to HSBC completing the first transaction soon after the issuance of the circular and few banks entering into the agreements with Factors. He observed that lack of appetite from foreign FI (banks, factors etc.) for issuing the required payment cover amidst the negative business outlook due to the ongoing pandemic; story of Bangladesh's resilience need to be told more.

Major insurers do not directly cover transactions originated from Bangladesh and as such he suggested the need for comprehensive and collaborative market making efforts. He said "Cases where appetite is found, the quoted pricing does not look lucrative for the suppliers; Central Bank's cap of Six months Libor + 3.5% pa appears low to some of the coverage providers; can this ceiling be increased temporarily?; can related imports be allowed under open account which can help suppliers to reduce overall financial cost? Provision of 20% WHT on remittance of interest/fees makes it more unattractive; can an exemption be allowed for exporters?"

Mr. Shohiduzzaman observed that it is still a learning curve for banks due to the newness of the propositions and suggested to organize more webinar event like this by ICC Bangladesh as well as arrange trainings/best practice sharing for the bankers and exporters/ importers.

Relationship Manager of the ADB Can Sukten said the ADB cannot facilitate direct bank guarantee to solve guarantee or coverage issue. "But we can identify the big international banks which helps this appetite and ADB can come in and fund which may in turn cut the cost of trading," he said. He also mentioned that ADB would continue work with ICC Bangladesh and local banks to organize more events in the future to facilitate open account transactions as well as provide technical assistance for capacity building.

ICC UAE Director Vincent O'Brien thanked all the speakers and Dr. Prasanto Banerjee for a wonderful presentation. "My own observation is that the journey is underway, the journey is a good journey, there are opportunities and there are challenges", he said. On the operation of L/C he observed "it is withdrawing from the market not just because of the price but because sometimes letters of credit are not a reliable as we had like them to be. Actually commercial letters of credit were so popular, but now they're really gone. But actually it is very interesting the use of standby letters of credit issued by the bank to cover ongoing and even new and fairly transactions has grown and gone through the roof."

"I know a lot of international trade practice in Bangladesh and I read the regulations of Bangladesh. I see mentions of letters of credit and Commercial L/C, documentary credit, payment guarantees, but I don't see the word standby L/C. So may be another thing we actually need', he commented.

In his concluding remarks, Vincent said "The webinar is better than the last one we had on the same topic on 23 October, 2020, because it is now more than eight months that Bangladesh Bank Policy on export transactions was issued. We are getting suggestions on detail steps that we might be able to take and make it better".

Secretary General of ICC Bangladesh Ataur Rahman thanked ADB and ICC UAE for their support in organizing the second webinar on this important topic. He also thanked the speakers for their participation and making valuable comments and suggestions to make open account more acceptable to the exporters. The Secretary General mentioned that ICC Bangladesh would continue to work with Bangladesh Bank, commercial banks and all stakeholders with support from Trade Finance Program of ADB in arranging future activities/ events to facilitate trade finance of Bangladesh. He thanked the media for their continuous coverage of various events of ICC Bangladesh.

A.K. Azad elected Vice President of ICC Bangladesh

A, K. Azad

Mr. A. K. Azad has been elected as a Vice President of ICC Bangladesh Executive Board during its Meeting held on 15 February. The post of Vice President became vacant with the sad demise of Mr. Latifur Rahman on 1 July 2020. Mr. Azad is the Chairman and Managing Director of Ha-Meem Group of Companies. Ha-Meem group has achieved outstanding success in expanding the readymade garments sector of Bangladesh under his leadership. As a former President of FBCCI and Bangladesh Chamber of Industries he has contributed in the policy formulation for development of the industrial sector of the country. He is also the Founder of one of the most popular daily bengali newspapers in the country – The Daily Samakal. Mr. A. K. Azad is currently the President of Dhaka University Alumni Association and Director of Shahjalal Islami Bank Ltd. He has been honored with numerous socio-economic awards for his achievements over the years.

National Productivity and Quality Excellence Award 2019

Mr. Md. Fazlul Hoque, Managing Director, Plummy Fashions Limited received the National Productivity and Quality Excellence Award 2019 under the category of Large Industry (Textile and Apparels). Plummy Fashions Limited became first under Large Industry category.

Dhaka Chamber of Commerce and Industry (DCCI) President Rizwan-ur Rahman and Past DCCI President Osama Taseer received the Institutional Appreciation Award 2019 in the trade body and association categories.

ICC Bangladesh-IRU-FICCI Webinar on UN TIR system and its benefits of expansion to BBIN

ICC Bangladesh, the Federation of Indian Chambers of Commerce and Industry (FICCI) and Geneva-based International Road Transport Union (IRU) jointly organized a Webinar on UN TIR system and its benefits of expansion to Bangladesh and other BBIN countries on 25 March.

The speakers at the webinar said movement of vehicles within the BBIN region under a system like that of the UN TIR would help significantly reduce the cost of trade and benefit all the member countries. Uniform and harmonized customs procedure of Bangladesh and India would also help boost bilateral trade, said the speakers from the two countries. They, however, stressed the need for conducting more studies on introduction of such system as the two next door neighbours share a unique trade relation.

In his opening remarks ICC Bangladesh Vice President A.K.Azad said "the road transport industry is the backbone of strong economies and dynamic societies. It is therefore legitimate and indispensable to maintain a dialogue with all institutions and stakeholders that can impact the sector's future growth, innovation capacity and investment decisions, in order to represent and safeguard an industry that is vital to economic growth, social development and, ultimately, prosperity and which plays a crucial role in everyone's life by meeting the demand for the sustainable mobility of both people and goods".

The large population of the South Asia provides a huge potential in development of the road transport (trade, freight logistics) hence improving mobility for millions. Bhutan, Bangladesh, India and Nepal (BBIN) signed the Motor Vehicle Agreement, in 2015, to facilitate passenger and goods transport in the region, he said.

It may be mentioned that the UN Road Transport Conventions such as TIR conventions along with other global standards, could help the effective implementation of this BBIN agreement. Further, the intermodal aspect of TIR system, that encompasses rail, sea and air would also play an important role in connecting this region to the world.

TIR aims to facilitate free movement of goods under customs control across the international borders, without any interference or cross border checks. It plays an important role in facilitating cross border trade flow, adding considerable value to improving regional trade mechanisms. Globally, the TIR system has been a successful model for reducing trade transaction costs and facilitating higher growth of intra-regional and inter-regional trade. It is governed by the United Nations Economic Commission for Europe (UNECE) and managed by the world road transport organisation, IRU. TIR stands for "Transports Internationaux Routiers" or "International Road Transport".

Under the TIR, since there will be minimum checks by the customs at the land customs stations while posing no risk to the revenue in the light of well defined and robust monitoring implemented under the guidance of IRU. The TIR system adopted by IRU is time tested and is being successfully followed by nearly 70 countries.

ICC Bangladesh Vice President observed "Bangladesh, India, Bhutan, Nepal maintains their international trade relations with each other and indulge on bilateral trade and hence the trade is asymmetric. Like, Bhutan-Nepal has string trade relations with India and hence 2/3 of their trade is with India, whereas bilateral trade between Bangladesh–Bhutan, Bangladesh–Nepal, and Bhutan–Nepal remains at less than one-tenth of total trade despite their close geographic locations. Lying in close proximity to each other and sharing borders, makes it inevitable for the countries to trade among each other as this is very important and productive for their economies. However, the current trade procedure and practices incur huge costs to these countries and the geographical closeness factor is not fully utilized for growth".

Intraregional trade accounts for barely 5 percent of South Asia's total trade, compared to the ASEAN region where intraregional trade makes up 25 percent. Trade among South Asian countries currently totals just $23 billion -- far below an estimated value of at least $67 billion, Mr. Azad commented.

Referring to a latest report of World Bank, Mr. Azad said "A seamless transport connectivity between India and Bangladesh has the potential to increase national income by as much as 17 per cent in Bangladesh and 8 per cent in India". He observed that trade has been limited by several factors such as inadequate road, marine, and air transport. Other constraints include protective tariffs, real and perceived non-tariff barriers, restrictions on investments, and a broad trust deficit throughout the region.

ICC Bangladesh Vice President hoped that the trade procedures of customs and transit are made uniform and harmonized, among BBIN countries, by bringing them under the umbrella of a single agreement like TIR. This would hugely cut the costs and improve the trade relations and productivity of this region.

Senior Advisor of IRU, Geneva Kazem Asayesh said India and Bangladesh could use TIR for transportation of goods by sea, rail and in inland waterways. A study on TIR benefits for BBIN show that TIR will significantly contribute to the implementation of the agreement. He said currently 77 countries are signatories of the TIR system and in 64 countries the system is operational in transportation of goods with involving 34,000 transport and logistics. Other corridors such as BCIM and BIMSTEC routes could be activated under the TIR system, the Senior IRU Advisor observed.

Welcoming the initiative, First Secretary (Customs: International Trade and Agreement) of the National Board of Revenue (NBR) of Bangladesh Md. Khairul Kabir Mia stressed the need for further research and studies on implementation of the convention. He said the bilateral trade relation between India and Bangladesh is unique and different from many other countries in the world that adopted the system. Mr. Kabir, however, pointed out that it is not yet sure whether the system would be better alternative to the existing system in place for trading with India. He recommended amendment of the TIR convention by adding and removing some rules. "At present, it cannot be said whether TIR is a good system or not," he said.

Joint secretary and commissioner of customs, CBIC, Ministry of Finance of India, Mr. Satyajit Mohanty said the exports of Bangladesh could increase 300 per cent and that of India's 170 per cent if the system is introduced. He pointed out the existing difficulties that it takes around 100 hours to cross border at Petrapole. Mr. Mohanty said the BBIN countries have different means and procedure for trade. He added that the existing trading system and TIR can be produced simultaneously to examine which one is better. "It will be a win-win situation for all parties."

Mr. Kabir Ahmed, President of the Bangladesh Freight Forwarders Association (BAFFA), said there are five routes connecting Bangladesh with Nepal, Bhutan and India but there is no progress except the route connecting Agartala and Kolkata. The TIR will facilitate free movement of goods under customs control across the international borders, without any interference or cross-border checks, he added. He requested the IRU to help early implementation of TIR system by Bangladesh, Bhutan and Nepal.

Meanwhile, focusing on the implementation of the BBIN transport agreement, Satish Kumar Reddy, consultant, ADB, said it has been five years since the agreement was signed, but there is no significant improvement in this regard.

Mr. P.S. Pruthi, Senior consultant of FICCI, said, "It is an advantage of the TIR system that no documents are needed at transit countries. But Bangladesh is not a signatory to the TIR convention. I do not understand why trade only by sea route is not included in the TIR system as it needs at least a portion of the transport (to be done) by road. Authorization of logistic operators is another issue where only certain operators are being authorized, which is discouraging to small traders." He added "We have to think about how we can enhance trade among BBIN countries by overcoming these limitations."

Asian Development Bank (ADB) Consultant Satish Kumar Reddy said it is very difficult to say whether TIR is superior alternative of what BBIN countries are now doing."But it is a good alternative," he said, adding that the BBIN countries could give it a try.

ICC Bangladesh Secretary General Ataur Rahman said there is no problem in using the TIR system in trade between Bangladesh and India although the BBIN has not been made functional yet. He said, "There is a political will, and bureaucrats are with us. We have to seriously think of the TIR as an alternative transportation system." He thanked IRU and FICCI for joining ICC Bangladesh in organizing the Webinar in implementation of TIR system. He also thanked all the speakers for joining the programme and making valuable comments and suggestions.

ICC Bangladesh Vice President A. K. Azad (middle top) delivered the opening statement at the Webinar.

Webinar on ICC/ WCF Asia Pacific Action Network

The International Chamber of Commerce, Paris organized a Webinar on ICC/ WCF Asia Pacific Action Network on 2 March. The main objective of the Webinar was to highlight the actions to be taken by the ICC National Committees (NCs) Network.

More than 50 participants from 20 Asia Pacific Countries and special administrative regions including ICC Bangladesh Secretary General Ataur Rahman joined the virtual meeting.

ICC Secretary General John W.H. Denton AO presented an overview of the Global and Asia Pacific region priorities. Mr. Harsh Pati Singhania, Coordinator, Asia-Pacific Regional Consultative Group (RCG) and Mr. Jianlong Yu, Regional Vice-Chair of ICC World Chambers Federation (WCF) & Secretary General of China Chamber of International and ICC China presented an update on the regional situation.

Discussions focused on digital trade and trade finance for SMEs in the region, as well as entrepreneurship, and practical actions the private sector could take to make progress in these areas.

On Digital Trade it was suggested to focus on the Electronic Bill of Lading (EBL) for containerised shipments and help ensure that technology companies, various importers and exporter companies and shippers know that the DCSA EBL standard has been launched in December 2020 and can help remove the frictions associated with trade digitisation.

With regard to trade finance for SMEs it was recommended that NCs to provide information to ICC on opportunities where ICC could play a role to find solutions for SMEs (alternative financing, innovative solutions), list of economic sectors that will require the most support and help to build a list of potential partners who could help find the liquidity needed to bridge the trade finance gap.

In order to help entrepreneurship it was suggested to familiarize with the entrepreneurial ecosystems; build up contacts with SMEs and create an SME email list to distribute information about new ICC tools and services for SMEs; support regional workshops in preparation for the launch of the Centre of Entrepreneurship in the region, with focus on the following tracks; scaling up startups (Startup Scale Up Summits, in partnership with Mind the Bridge); digitizing SMEs, and inspiring young entrepreneurs and support the organization of the SMEs Labs in the region, led by the ICC Court of Arbitration.

ICC Secretary General John W.H. Denton AO (middle top) presented an overview of the Global and Asia-Pacific region priorities at ICC/ WCF Webinar on Asia Pacific Action Network held on 2 March.

Participation at ICC APAC Regional Action
Networks Priorities Survey

ICC conducted the ICC/WCF Regional Action Networks surveys on the thematic priorities identified by ICC National Committees and WCF Chambers from each region in 2020. The regional input will guide ICC in shaping the agenda for these new action groups, which is believed to play a significant role in bringing the NCs and Chambers closer together and increase the collective impact of its global network around shared priorities. The top priorities identified for the Asia Pacific region are Digital Trade, Entrepreneurship and Health.

A meeting of the Asia Pacific Regional Consultative Group was held virtually on 28 January to discuss on the survey and get NC's feedback on the three priorities - Digital Trade, Entrepreneurship and Health, to include local relevance, current status and how ICC can further help and support NCs in the region in working on these priorities.

The meeting presided over by Mr. Harsh Pati Singhania, Coordinator, Asia-Pacific RCG, was attended by Mr Zabihullah Ziarmal, First Vice Chairman and ICC Executive Board Member, Mr Abdul Qadir Bahman, Secretary General of CC Afghanistan; ICC Bangladesh Secretary General Ataur Rahman; Director General, ICC China Affairs, China Chamber of International Yu Min; ICC Chinese Taipei Manager Danny; ICC India President – Dr. Murtaza Khorakiwala; ICC India Executive Director Imran Khan; ICC Indonesia President Ilham A. Habibie; ICC Indonesia Executive Director Lusiana Indomo; ICC Philippines President Levin David; ICC Malaysia Manager Esther Boey and ICC Sri Lanka Secretary Shanil Fernando.

Mr. Singhania appreciated ICC's proactive response in mobilising all the knowledge and expertise across the organisation and network to respond to the COVID-19 pandemic and support lives and businesses, particularly the MSMEs across the globe.

Participating NCs unanimously applauded the efforts of the ICC in identifying the three priorities and affirmed on its relevance in today's time. In the wake of the prevailing pandemic, 'Health' emerged as the top priority from the region followed by Digital Trade and Entrepreneurship. It was also observed by all that MSMEs across the region have been severely affected by the pandemic. Thankfully, governments across the region are framing policies and taking measures to resolve their issues. Digitization has emerged as one of the major agenda of the regional governments to support the SMEs. Only a few counties in the APAC region have been able to develop vaccine for the coronavirus, which has made remaining countries rely on others for the vaccination of their populations. Sri Lanka and Bangladesh representatives lauded India's decision to support their vaccination programs by providing them with free vaccines.

Mr Ataur Rahman, Secretary General, ICC Bangladesh emphasised that Health is the most important priority at the moment as the survival is at stake. He advocated that the pharmaceutical companies who have been able to develop the vaccine for Covid -19 should help the global pharmaceutical industry in producing vaccine for further timely distribution and vaccination across the globe.

ICC Indonesia President Ilham A. Habibie, remarked that all the three priorities identified are intrinsically linked with each other, particularly in the prevailing environment. The restrictions on physical movement have spur the pace of digitization in all spheres of life.

Mr Zabihullah Ziarmal, First Vice Chairman, ICC Afghanistan and Member of the ICC Executive Board observed that since Asia Pacific region is substantially vast and home to economies at different stages of development, it may not be possible for all the NCs in the APAC region to have same/similar priorities – priorities of south Asian NCs may not be similar to those in the northeast Asia. For example, he indicated that 'access to finance' is among their top 3 priorities at the moment.

Dr Murtaza Khorakiwala, President, ICC India observed that the need of the hour is to create a group on Covid-19 to facilitate research, production and distribution of vaccines in the APAC region.

Mr Imran Khan, Executive Director, ICC India recommended to form working groups/ task forces with representatives from across NCs from the region. These groups can focus on the three identified priorities, to begin with. This would also encourage greater engagement and collaboration between the NCs on important issues. He also suggested for a session with ICC Digital Standards Initiative (DSI) – Mr Oswald Kuyler - with the APAC NCs on DSI's agenda and the way ahead.

Mr Ranjith Fernando, COO, ICC Sri Lanka observed that digital entrepreneurship will help smaller countries, especially those with large presence of SMEs, in surviving and thriving. He also shared that large corporates are moving towards digitalization in Sri Lanka but the SMEs are yet to adopt.

Ms Yu Min, Director General, ICC China suggested that Digital Trade is very important going ahead. Digitalization and e-commerce have significantly contributed to its economy in the year 2020. Data security and on boarding SMEs on the digitalisation pose serious challenges. More and more start-ups have emerged in China in recent times and they have been finding the necessary support in the ecosystem.

Mr Danny, Manager, Chinese Taipei Business Council of ICC mentioned that the pandemic has badly hit the SMEs which comprise almost 97% of enterprises in the country. The government has been supporting SMEs with policies and measures towards digitalisation. With regard to vaccination for COVID-19, they are seeking help of other countries.

Ms Esther Boey, Manager, Secretariat's Office, ICC Malaysia said that Digital Trade is the most important priority for them. In view of COVID-19 and associated lockdowns, its importance has been reinforced. Almost 90% of the business entities in Malaysia are SMEs and only about 28% of them have digital presence as far as trade is concerned. The government has initiated Digital Free Trade Zone to support SMEs in the region. With regard to vaccination, they are also dependent on other countries and yet to start vaccination.

Participants at the Asia Pacific Regional Consultative Group (RCG) held virtually on 28 January. Asia-Pacific RCG Coordinator Harsh Pati Singhania (extreme left top) presented the report of the ICC/WCF Regional Action Networks surveys.

ICC Bangladesh Workshop on Commercial Letters of Credit, Demand Guarantees and Bank Payment Obligations held in Dhaka.

A day-long Workshop on Commercial Letters of Credit, Demand Guarantees and Bank Payment Obligations was held in Dhaka on 27 March. ICC Bangladesh Secretary General Mr. Ataur Rahman inaugurated the Workshop. He thanked the sponsoring banks for nominating their officials for attending the Workshop. He also briefed the participants about various workshops/ seminars that ICC Bangladesh will be arranging during 2021 calendar year. The Workshop was conducted by Mr. ATM Nesarul Hoque, Vice President, Mutual Trust Bank and Mr. Mohasen Tarequddin Ahmed, First Assistant Vice President. Mercantile Bank. ICC Bangladesh General Manager Mr. Ajay B. Saha and Assistant Manager Mr. Md. Shakayet Hossain also attended the Workshop.

A total of 100 participants from 27 Banks including Bangladesh Bank (1), Bangladesh Institute of Bank Management (3), AB Bank (8), Agrani Bank (5), Al Arafah Islami Bank (3), Bangladesh Krishi Bank (5), Bank Asia (4), BASIC Bank (2), Bengal Commercial Bank (1), Community Bank Bangladesh (1), Dhaka Bank (5), Dutch Bangla Bank (1), Eastern Bank (10), First Security Islami Bank (10), Global Islami Bank (1), Islami Bank Bangladesh. (5), Meghna Bank (1), Mercantile Bank (6), Mutual Trust Bank.(11), National Bank (1), National Credit and Commerce Bank (1), NRB Bank (1), The Premier Bank (2), Social Islami Bank (5), South Bangla Agriculture & Commerce Bank Limited (1), Standard Chartered Bank (2), Tex-Ebo International Pte Ltd.(1), Uttara Bank (2) and United Commercial Bank (1) participated the workshop.

ICC Bangladesh workshop on Commercial Letters of Credit, Demand Guarantees and Bank Payment Obligations held on 27 March. ICC Bangladesh Secretary General Ataur Rahman (2nd from right) inaugurated the workshop. Also seen in the picture workshop Resource Persons ATM Nesarul Hoque, VP, Mutual Trust Bank Limited (extreme right; Mohasen Tarequddin Ahmed, FAVP, Mercantile Bank (3rd from right); ICCB General Manager Ajay Bihari Saha (4th from right) and Asstt. Manager Shakayet Hossain (5th from right) with the participants.

Executive Board Meeting held virtually elected Vice President and approved Plan of Action for 2021

The 81st Meeting of ICC Bangladesh Executive Board was held virtually on 15 February. The Meeting presided over by ICC Bangladesh President Mahbubur Rahman was attended by the following Board Members: Abdul Hai Sarker, A. K. Azad, Aftab ul Islam, Anwar-Ul-Alam Chowdhury (Parvez), Mahbubul Alam, Md. Fazlul Hoque, Mir Nasir Hossain, Simeen Rahman, Tapan Chowdhury and Secretary General Ataur Rahman. Newly elected DCCI President Rizwan ur Rahman and BIAC CEO Mohammad A. (Rumee) Ali also attended as special guests. The other members could not attend due to other engagements.

ICCB Executive Board Meeting in progress.

The Executive Board unanimously elected Mr. A.K.Azad as Vice President which became vacant with the sad demise of Mr. Latifur Rahman on 1 July 2020. Mr. Azad thanked all the members for electing him as Vice President and assured his wholehearted commitment in carrying out his responsibilities. The Executive Board also approved the ICC Bangladesh Plan of Action and Budget for 2021.

ICC Bangladesh Plan of Action for 2021

Workshops / Seminars

- Workshop on Commercial Letters of Credit and Demand Guarantee and Bank Payment Obligations - Practices, operations, Legal Analysis
- Workshop on Incoterms® 2020: Rules – Practices, Changes, operations & Business Impact analysis
- Workshop on Open Account Export Transactions-pros and cons
- Workshop on Global Sanctions and Compliance in Trade Finance

Business Dialogues / Seminars

- ICC Bangladesh – ADB Webinar on Open Account Export Transactions to facilitate export
- Webinar on Factors Affecting the Environmental and Social Performance of Financial Institutions
- Webinar on Benefit of UN TIR Convention to facilitate cross border trade among BBIN
- Webinar on Impact of Covid 19 in global business, particularly in the developing countries.
- Seminar on Greater Digitalization and Cyber Security of Financial Institutions

Certificate Courses

- Certified Documentary Credit Specialist (CDCS) and
- Certificate of Specialists in Demand Guarantees (CSDG) Examinations

Publications

- Quarterly News Bulletin
- Media Blitz
- Annual Report

ICC HQs News

ICC welcomes G7 signals to provide financial relief to COVID-hit emerging nations

ICC Secretary General John W.H. Denton AO has issued a statement following news that the G7 will back proposals to provide financial support to help poorer nations recovery from pandemic impact.

"I am delighted to see G7 finance ministers heed the longstanding call from global business and workers in committing today to make new financial support available to emerging economies. Fresh liquidity is urgently needed to ensure all governments have the necessary resources to get the spread of Covid-19 under control – as well as providing direct financial support to hard-pressed businesses and families.

It is vital that this now translates to an allocation of new IMF Special Drawing Rights commensurate with the scale of the challenges facing the real economy in many emerging markets. To take just one example:

surveys of our network last year consistently showed that over 50% of SMEs in developing countries feared bankruptcy in 2021 absent of fresh financial support. Data such as this should be the basis for calculating a new global stimulus plan – not theoretical reserve or liquidity needs.

A US$1 trillion allocation of SDRs – coupled with any measures to allow advanced economies to transfer their holding to countries in need – is the very least that world business expects from G20 finance ministers at their virtual meeting next month. Staying at home to stop the spread shouldn't be an excuse for not going big on the stimulus that the real economy so urgently needs."

Making Ethics Work: 6 Ways ICC enables responsible business action

From setting the gold standard for international advertising self-regulation since 1937 to enabling businesses to integrate ethics and compliance considerations into their operations, ICC plays a leading role in enabling high standards of corporate governance based on ethical business practices.

To mark the launch of a new study on ethical and responsible business – compiled by Principia Advisory in partnership with ICC, Clifford Chance, INvolve, GlobeScan and the Institute of Business Ethics said we are highlighting 6 ways in which ICC is committed to ensuring ethics become the bedrock of business strategies in every sector.

Enabling, incentivising and rewarding SME sustainability

In 2019, a grassroots mobilisation of local business leaders, through the Chambers Climate Coalition signalled a tipping point wherein the business community recognised the need for ambitious climate action.

At the same time, the initiative also drew attention to the need for more practical tools and guidance to enable businesses with fewer resources, in particular SMEs, to align their operations with the Paris Agreement. In this context, ICC – together with GIST – developed SME360x, a tool which allows SMEs to measure and track their carbon emissions.

With the UN Framework Convention on Climate Change's Race to Zero Campaign and a number of other private sector partners, ICC has also created the SME Climate Hub. The Hub – which was recently endorsed by the UK government – is a one-stop-shop for SMEs to access tools, resources and incentives to reduce their environmental impact in order to gain competitive advantage. In doing so, the Hub also assists national and multinational businesses in achieving their scope three emissions reductions goals by enabling them to support reducing carbon emissions within their supply chains.

Building capacity for ethical marketing practices

ICC has been the major rule-setter in international advertising self-regulation since 1937, when the ICC issued its first Marketing Code. The ICC Marketing Code provides an international standard for advertising and marketing communications practice, setting ethical standards and best practice guidance for businesses. As a recognised global reference point and harmonising instrument for international best practice and advertising self-regulation, the code is the most authoritative international advertising standard and foundation for industry coherence. It is updated regularly to ensure it remains fit for purpose, including the use of today's rapidly changing technology, tools and techniques to market products and services. The Code is accompanied by an online Ethical and Marketing online course which is tailored to educate on the practical application of the fundamental ICC Marketing Code principles and aims to develop the skills needed to conceptualise, design and deliver ethical marketing communications.

Driving adoption of family friendly policies

Together with UNICEF, the United Nations which provides humanitarian aid to children, ICC guides businesses on their uptake of child-friendly business practices. From raising global awareness of family-friendly business continuity measures which can be taken in crisis to promoting UNICEF's Child Rights and Business Principles at level, the ICC-UNICEF partnership mobilises both businesses and governments to recognize the role that responsible, whole-of-society approaches can play in shaping a more equitable future for employees, their children and their families.

Providing anti-corruption tools

As a long-time advocate for self-regulation, ICC was also the first business organisation to issue anti-corruption rules in 1977. As business leaders lay out strategies for sustained performance in the coming years, tackling systemic social issues and contributing to economic development is a top priority. ICC's one-stop-shop for anti-corruption tools, the ICC Business Integrity Compendium, provides essential guidance on responsible business conduct for companies of all sizes and gathers all ICC Anti-corruption and Corporate Social Responsibility tools. The ICC Ethics and Compliance Training Handbook also serves as a cornerstone of a global training programme in the field of corporate integrity and compliance.

Promoting anti-trust compliance

ICC was awarded the 2019 Compliance and Ethics Award, bestowed by the Society of Corporate Compliance and Ethics (SCCE) in recognition of those who have made a significant contribution in the field of compliance and ethics.

The award recognises ICC work in promoting free and competitive markets globally – including engagement with businesses and antitrust agencies around the world to integrate ethics and compliance considerations into business operations. The ICC Antitrust Compliance Toolkit and the Antitrust Compliance Toolkit for SMEs are key tools in promoting the importance of ethical business.

Embedding ethics in applications of technological innovations

ICC convenes multinational enterprises, SMEs and associations from around the world to represent the voice of business on how information and communication technologies can better serve as engines of economic growth and social development.

ICC is also partnering with Oxford University's Saïd Business School to develop a set of all-encompassing artificial intelligence (AI) principles to enable business to implement innovative, trustworthy, and human-centric AI solutions as part of their operations.

The principles will not only contribute to the lives and well-being of people, but to the success of businesses too.

By establishing a set of harmonised principles derived from case studies, policy frameworks and initiatives developed by the business community, ICC and Saïd Business School will make a meaningful contribution to ongoing policy discussions on the ethical use of AI.

ICC and TradeFlow Capital Management join forces to enable commodity trade for SMEs

ICC and TradeFlow Capital Management will introduce a partnership to mobilize capital and improve trade finance access for small- and medium-sized enterprises (SMEs). ICC Secretary General John W.H. Denton AO announced an ambitious partnership with TradeFlow Capital Management during the World Trade Organization's 2021 Global Trade & Blockchain Forum, as part of ICC's growing effort to enable SME access to short-term liquidity to survive the ongoing economic crisis and thrive in the post-pandemic future. Leveraging TradeFlow Capital Management's innovative non-lending and non-credit based instruments and ICC's global network of over 45 million chambers of commerce and businesses, the partnership will enable the creation of an ICC SME Fund to provide small businesses with the right level of financial support to execute import/export trades in bulk commodities.

ICC TradeFlow Capital will be one of a diverse range of solutions offered through ICC TradeNow, a global ICC campaign to accelerate the provision of trade finance to SMEs. ICC will host a series of workshops for chamber of commerce leaders in Asia and Europe to share insights on potential partners who could help finding the liquidity needed to bridge the trade finance gap.

ICC and Mind the Bridge launch the 2021 Corporate Startup Stars Awards

ICC and Mind the Bridge announced the official launch of the 2021 Corporate Startup Stars competition as part of the MENA Digital Scaleup Summit in Dubai.

The official kick off of the 2021 edition of the "Corporate Startup Stars Awards" was announced on 23 March in Dubai as part of the MENA Digital Scaleup Summit hosted by the Dubai Future Foundation and United Nations Economic and Social Commission for West Asia (ESCWA) and supported by the Dubai Chamber, in the presence of ICC Secretary General John W.H. Denton AO and Amy Neale, Senior Vice President, Mastercard (2020 Corporate Startup Star).

The celebration of Best Practices and Role Models in Open Innovation – taking place under the European Commission's Startup Europe Partnership initiative – was organised by Mind the Bridge in collaboration with ICC and its Centre of Entrepreneurship.

For the second year running, Mind the Bridge and ICC will work together to identify the world's top 50 Corporate Startup Stars, including the most active corporates in open innovation. The ultimate goal is to identify best practices worldwide in corporate-startup collaboration, whether through procurement, licensing, partnerships, accelerators, venture builders, CVCs, acquisitions, and other dedicated internal programmes, such as intrapreneurship.

Participation in the 2021 edition of the Corporate Startup Stars Awards is free of charge and open to companies from all industries and all regions of the world. Applications should be submitted on the brand-new Corporate Startup Stars website no later than June 20th. Winners will be announced in December in Paris.

World Chambers Competition to recognise chambers building back better

Hamad Buamim, Chair of the International Chamber of Commerce's (ICC) World Chambers Federation (WCF) has officially launched the World Chambers Competition. The 2021 edition of the Competition will recognise chambers of commerce around the world that are striving to keep their business communities functioning even in the face of the COVID-19 pandemic.

The sudden coronavirus outbreak led to unprecedented disruption and hardship for many businesses across the world, particularly small- and medium-sized enterprises. However, chambers of commerce globally have been stepping up to provide tools and resources to help business communities survive and build resilience during the challenging period.

The World Chambers Competition is the only award-winning programme of its kind to acknowledge the pioneering initiatives undertaken by chambers around the world. The 2021 edition comprises four categories, including one new distinction, Best Resilience Project. These categories include:

Best Resilience Project:

This category recognises chambers that have created innovative resilience initiatives to combat the economic and health consequences associated with the COVID-19 pandemic. This includes but is not limited to technology programmes, digital platforms, risk and crisis management support, and business continuity guidelines that are designed to benefit their communities.

Best Digital Project:

This category recognises chambers that have created innovative tech solutions for any services, including for example member retention or certificates of origin programmes that have disrupted the traditional way of doing business for themselves and/or their community.

Best Climate Action Project:

This category recognises chambers that have developed projects in support of bold action to tackle climate change and that help their members and community meet today's climate change challenges.

Best Unconventional Project:

This category recognises chambers that have developed unique and pioneering projects in an activity not typically associated with their everyday mission and objectives while increasing job creation to enhance local economies.

Chambers of commerce have until 3 June 2021 to submit their innovative initiatives to the Competition.

An international jury, comprising ICC WCF leadership along with representatives—from transnational, national and local chambers of commerce, as well as recognised international organisations—is responsible for shortlisting category finalists who will go on to present their respective projects during the ICC WCF World Chambers Congress.

The biennial event is co-organised by Dubai Chamber of Commerce & Industry and is set to take place from 23-25 November 2021.

For chambers looking to participant in the global concours, all projects can be submitted via the World Chambers Competition Platform.

ICC welcomes backing of Dr Ngozi Okonjo-Iweala as WTO Director General

Following the announcement that the US has given its formal backing to Dr Ngozi Okonjo-Iweala to lead the World Trade Organization, ICC has issued the following statement.

ICC Secretary General John W.H. Denton AO said:

"The global business community will be delighted to learn that the US Administration has given its backing to Dr Ngozi Okonjo-Iweala to take up the position of World Trade Organization Director General. Dr Okonjo-Iweala's skills and experience make her, without doubt, the ideal candidate to drive concerted action in the WTO to combat the public health and economic effects of the pandemic.

"The Biden Administration's backing of Dr Okonjo-Iweala selection is a very positive signal of intent as regards its commitment to make trade work for people and the planet. We stand squarely behind that vision. And we call on the WTO membership, through the General Council, to move as expeditiously as possible to confirm Dr Okonjo-Iweala as the successful candidate.

"I look forward to working with the incoming Director General to support a renewal of the multilateral trading system – and, specifically, one that ensures international trade plays a central role in ending the pandemic and driving a resilient global recovery."

Study shows vaccine nationalism could cost rich countries US$4.5 trillion

A new study commissioned by the ICC Research Foundation has found that the global economy stands to lose as much as $9.2 trillion if governments fail to ensure developing economy access to COVID-19 vaccines, as much as half of which would fall on advanced economies.

The study clearly demonstrates the economic case to invest in the Access to COVID-19 Tools (ACT) Accelerator, the global collaboration to accelerate the development, production, and equitable access to COVID-19 tests, treatments, and vaccines.

While other analyses have highlighted the economic costs of vaccine nationalism, this new study is the first to incorporate both supply and demand shocks, domestic and foreign, at the sector level, for an open economy operating within global supply chains. The integrated analysis shows the full possible ramifications of vaccine nationalism, which is significantly higher than previous best estimates. The paper demonstrates the economic costs of suboptimal vaccine distribution to the international trading system at the global scale, showing that even if a particular country has access to the vaccine, it "experiences a sluggish recovery with a drag on its GDP" if its trading partners do not have such access.

Strikingly, a US$ 27.2 billion investment on the part of advanced economies – the current funding shortfall to fully capitalize the ACT Accelerator and its vaccine pillar COVAX – is capable of generating returns as high as 166x the investment. The study also shows that those economies and sectors with a high degree of international exposure will bear the brunt of economic losses.

Welcoming this latest contribution on the economic impacts of a fully funded ACT Accelerator, Dr Tedros Adhanom Ghebreyesus, Director-General of the World Health Organization (WHO), said: "I believe the world faces a catastrophic moral failure in equal access to the tools to combat the pandemic. This research shows a potentially catastrophic economic failure. The progress made by the ACT Accelerator shows solidarity in beating this virus.

The longer we wait to provide vaccines, tests, and treatments to all countries, the faster the virus will take hold, the potential for more variants will emerge, the greater the chance today's vaccines could become ineffective, and the harder it will be for all countries to recover.

Truly, no-one is safe until everyone is safe." One of the study authors, Sebnem Kalemli-Özcan – Neil Moskowitz Endowed Professor of Economics and Finance at the University of Maryland, College Park – said: "No economy can fully recover until we have global equitable access to vaccines, therapeutics and diagnostics. The path we are on leads to less growth, more deaths, and a longer economic recovery."

ICC Secretary General John WH Denton AO said: "The new year presents us with an opportunity to correct course – to consign vaccine nationalism to the past and ensure multilateral efforts have the funding and support necessary to succeed. As this study shows, ensuring equitable access to COVID-19 tests, treatments and vaccines is not only the right thing to do – to do otherwise is economically irresponsible. International business needs a fully funded ACT Accelerator."

ICC Research Foundation Chair Terry McGraw said: "This report proves the economic interdependencies of developed and developing countries and the essential requirement that we work together to multilaterally coordinate the distribution of vaccines, tests and therapeutics. We in the business community pledge to do our part to facilitate this ethical, humanitarian and economic solution to the pandemic as quickly as possible."

Global business calls for rethink of EU vaccine export restrictions

The International Chamber of Commerce is calling on the European Commission to reconsider the introduction of export controls on coronavirus vaccines made in the bloc.

Regardless of how these measures are calibrated, today's announcement sends a dangerous signal to the world as we seek to recover together from the coronavirus pandemic. And one that risks sparking retaliatory action that will stifle global medical supply chains, undermine vaccine production and prolong the pandemic.

Given the downside risks to vaccine supply and the EU economy that the global business community has pointed to in the last few days, ICC hope that the Commission will be willing to rethink its approach while the ink is still wet on the new regulation.

Gulf of Guinea records highest ever number of crew kidnapped in 2020, according to IMB's annual piracy report

The International Chamber of Commerce's International Maritime Bureau (IMB)'s annual piracy report recorded an increase of piracy and armed robbery incidents in 2020. In 2020, IMB's Piracy Reporting Centre (PRC) received 195 incidents of piracy and armed robbery against ships worldwide, in comparison to 162 in 2019. The incidents included three hijacked vessels, 11 vessels fired upon, 20 attempted attacks, and 161 vessels boarded. The rise is attributed to an increase of piracy and armed robbery reported within the Gulf of Guinea as well as increased armed robbery activity in the Singapore Straits.

Incidents rise in the Gulf of Guinea

Globally, 135 crew were kidnapped from their vessels in 2020, with the Gulf of Guinea accounting for over 95% of crew numbers kidnapped. A record 130 crew members were kidnapped in 22 separate incidents. Since 2019, the Gulf of Guinea has experienced an unprecedented rise in the number of multiple crew kidnappings. In the last quarter of 2019 alone, the Gulf of Guinea recorded 39 crew kidnapped in two separate incidents.

Incidents in the Gulf of Guinea are particularly dangerous as over 80% of attackers were armed with guns, according to the latest IMB figures. All three vessel hijackings and nine of the 11 vessels fired upon in 2020 related to this region. Crew kidnappings were reported in 25% of vessel attacks in the Gulf of Guinea – more than any other region in the world.

Once kidnapped, crew are removed from their vessel and can be held on shore until their release is negotiated. The furthest crew kidnapping in 2020 occurred almost 200 nautical miles (NM) from land with the average kidnapping incident taking place over 60NM from land, according to IMB.

The rise in kidnapping incidents further away from shorelines demonstrates the increasing capabilities of pirates in the Gulf of Guinea. Given these developments, IMB advises vessels in the region to remain at least 250 NM from the coast at all times, or until the vessel can transit to commence cargo operations at a berth or safe anchorage.

Singapore Straits

The increase in incidents against vessels underway within the Singapore Straits has continued since Q4 2019, with 23 incidents reported for 2020. Vessels were boarded in 22 of the 23 incidents. Although considered low level – i.e aimed at armed theft from the vessel – and tend to take place in the hours of darkness, one crew was injured, another taken hostage and two threatened during these incidents. Knives were reported in at least 14 incidents.

Indonesia

Armed robbery reports in Indonesia remained consistent with 26 low-level incidents reported in 2020, in comparison to 25 in 2019. Vessels continue to be boarded while anchored or berthed at Indonesian ports with two crew taken hostage and two threatened in 2020. The continued efforts of the Indonesian Marine Police are credited for maintaining the reduced levels of reported incidents.

Another year without incident in Somalia, but crew must maintain vigilance

The IMB PRC received zero incidents of piracy and armed robbery in 2020 for Somalia. While there were no recorded incidents, the IMB PRC warns that Somalia pirates continue to possess the capacity to carry out attacks in the Somali basin and wider Indian Ocean.

In particular, the report warns that, “Masters and crew must remain vigilant and cautious when transiting these waters.”

IMB continues to encourage all shipmasters and owners to report all actual, attempted and suspected global piracy and armed robbery incidents to the IMB PRC.

This first step in the response chain is vital to ensuring that adequate resources are allocated by authorities to tackle piracy. Transparent statistics from an independent, non-political, international organization can act as a catalyst to achieve this goal.

ICC announces record 2020 caseloads in Arbitration and ADR

The International Chamber of Commerce (ICC) has announced record requests in 2020 for its arbitration and ADR services. The world’s preferred arbitral institute, the ICC International Court of Arbitration recorded a total of 946 new arbitration cases in 2020 – the highest number of cases registered since 2016, when a complex cluster of small disputes effectuated a marked increase in the statistics.

Of the 946 total registered cases, a record 929 were requested under the ICC Rules of Arbitration while 17 cases were filed under the ICC Appointing Authority Rules whereby parties to an arbitration who have determined to proceed ad hoc (or outside of ICC’s institutional framework) can seek assistance from the ICC Court on specific case management services. Of the 17 cases filed under ICC’s Appointing Authority Rules, 12 cases were filed under UNCITRAL Rules and five cases entirely ad hoc.

President of the ICC Court Alexis Mourre said: “Our arbitration results for 2020 are testament to the Court’s standing as the world’s leading and most preferred arbitral institution in a competitive environment. Our success in this context can be put down to close to a century of experience and an ability to support users with a range of services – particularly for large, complex, multi-party and multi-contracts cases – and the continuous increase of the time and costs efficiency of the Court, notably in cases where lower amounts in disputes are involved.”

In October 2020, the ICC Executive Board formally approved revised ICC Rules of Arbitration, last updated in 2017. The revised ICC Rules of Arbitration entered into force on 1 January 2021 along with updates to the ICC Court’s Note to Parties and Arbitral Tribunals on the Conduct of Arbitration.

Preliminary statistics for 2020 also reveal a record year for the ICC International Centre for ADR, whose services include mediation, expert appraisal, dispute boards and dispute resolution under ICC Rules for Documentary Instruments Dispute Resolution Expertise (DOCDEX), for disputes involving trade finance-related instruments.

The Centre, which received its 400th request for Mediation in December, registered 77 new cases in 2020, comprising a record 45 mediations, 22 expertise proceedings, 7 DOCDEX and 3 Dispute Board proceedings.

ICC and Mastercard Partner to Deliver Common Consistent Digital Health Pass Experience

ICC and Mastercard will work with stakeholders from civil society, business, and government to create an environment that encourages the development and proliferation of interoperable digital health pass solutions to accelerate the global recovery.

Today, governments are mostly relying on a range of paper-based processes to determine the COVID-19 test results and vaccine status of travellers. In many cases,

these paper certificates can be easily falsified, are difficult to validate, and inconvenient for people to use. ICC and Mastercard believe trusted technology should be at the heart of strategies for reopening societies and bringing travel back safely.

To that end, both organisations will partner to establish an enabling environment for interoperable digital solutions that reduce fraud and reinforce trust. ICC and Mastercard recognise that time is of the essence and believe that no one digital solution, or provider, will be able to scale globally fast enough to address the global and networked needs of the air travel industry.

In the coming months, ICC and Mastercard will work with policymakers and business leaders to ensure that governments have a range of compatible digital health pass solutions at their fingertips to bolster their recovery strategies and protect the personal data of users everywhere. Through organisations such as the Good Health Pass Collaborative, this extends to the promotion of digital standards for the management and exchange of COVID-19 test results and vaccine status, with a focus on the appropriate use of digital identity services that foster trust.

Since the start of the COVID-19 pandemic, ICC and Mastercard have developed and expanded digital solutions in support of this aim. In February, both organisations were instrumental in launching the Good Health Pass Collaborative, an open, inclusive, cross-sector initiative to create a blueprint for interoperable digital health pass systems.

In May 2020, ICC launched ICC AOKpass, a digital health pass, supported by International SOS, that allows users to safely present medical records to border authorities and government administrations without compromising their personal medical data. ICC AOKpass has been piloted by Alitalia, Air Caraïbes, Air France, Etihad Airlines, French Bee, Singapore’s Immigration and Checkpoints Authority, and the city of Girona in Catalonia, Spain.

In the past year, Mastercard has expanded tests of its digital identity service, ID, which is based on a decentralised approach, with users in control of their data.

The company has announced partnerships with Australia’s Deakin University, Optus, and the government of the Government of the Republic of North Macedonia to design and implement digital identity services across a range of use cases.

In addition, it has completed successful trials in Glasgow and London Gatwick airports to demonstrate what components are crucial to the success of a global, interoperable health pass.

Bangladesh Economy

Bangladesh celebrated centenary of the Father of the Nation and its 50 years of Independence

Bangladesh celebrated 50 years of its Independence and National Day on 26 March coinciding with the grand celebration of the birth centenary of Father of the Nation Bangabandhu Sheikh Mujibur Rahman.

The grand celebration of the birth centenary of Bangabandhu and the golden jubilee of Bangladesh's independence, which marked the physical attendance of five heads of states and governments and virtual attendance of other global leaders, started on March 17 at the National Parade Square in the presence of Maldivian President Ibrahim Mohamed Solih with parades, fireworks, tributes to Father of the Nation Bangabandhu Sheikh Mujibur Rahman. The 10-day grand celebration ended on 26 March with the attendance of Indian Prime Minister Narendra Modi in person as the guest of honour.

Earlier, Sri Lankan Prime Minister Mahinda Rajapaksa, Nepalese President Bidya Devi Bhandari and Bhutanese Prime Minister Dr Lotay Tshering joined the grand celebration in person since March 17. Marking the day, the government has taken elaborate programs maintaining the health guidelines in view of the global pandemic coronavirus. Global leaders, including the Chinese and French presidents, and the prime ministers of Japan, Canada, South Korea, Cambodia, and Pope Francis delivered video messages during the celebration.

On the occasion, President M Abdul Hamid and Prime Minister Sheikh Hasina issued separate messages extending heartfelt greetings and warm felicitations to the countrymen living both home and abroad.

Five heads of states and governments joined the celebration

Hon'ble President of the People's Republic of Bangladesh Mr. Md. Abdul Hamid and Hon'ble Maldivian President H.E. Mr. Ibrahim Mohamed Solih are seen in the picture.

Hon'ble President of the People's Republic of Bangladesh H.E. Mr. Md. Abdul Hamid and Hon'ble President of Nepal H. E. Bidya Devi Bhandari are seen in the picture.

Indian Prime Minister Narendra Modi handed over the Gandhi Peace Prize 2020 conferred on Father of the Nation Bangabandhu Sheikh Mujibur Rahman to his youngest daughter Sheikh Rehana on 26 March. Prime Minister Sheikh Hasina also seen in the picture.

Bangladesh's Prime Minister Sheikh Hasina and Sri Lankan Prime Minister Mahinda Rajapaksa are seen in the picture.

Bangladesh's Prime Minister Sheikh Hasina and Bhutanese Prime Minister LotayTshering are seen.

Connectivity beyond Bangladesh, India

Bangladesh Prime Minister Sheikh Hasina and her Indian counterpart Narendra Modi have renewed their commitments to solidify relations between the two countries and establish peace and stability in the entire South Asia region. The visiting Indian PM sat with Hasina on 27 March evening to discuss ways of settling the pending issues and the future course of action that can take the ties between the two countries to new heights.

At the bilateral meeting at the Prime Minister's Office in Dhaka, they put emphasis on robust regional connectivity for expanding trade. Modi lauded Hasina's initiatives regarding multimodal connectivity. Bangladesh expressed its interest to join the India-Myanmar-Thailand Trilateral Highway Project for getting connected to Southeast Asia by road. Also, it has sought greater access to Indian territory to be linked with Nepal and Bhutan and requested Delhi to approve new routes.

At a press briefing on 27 March, Foreign Minister AK Abdul Momen said, "If this initiative is implemented, Bangladesh's export capacity will increase as it will largely reduce time and cost of transporting goods." Dhaka also sought to establish rail connectivity up to Bhutan through the recently inaugurated Chilahati-Haldibari route.

The two countries signed memorandums of understanding (MoUs) in the areas of disaster management, cooperation between cadet corps, trade remedial measures, ICT and sports. In the meeting, both Hasina and Modi stressed the need for signing trilateral MoU involving Bangladesh, India and Nepal to implement the BBIN Motor Vehicle Agreement.

Referring to the newly inaugurated Feni Bridge, Modi lauded Bangladesh's generosity for the establishment of connectivity between India's Northeast and the rest of the country through Bangladesh territory. The two leaders discussed sub-regional energy cooperation involving Bangladesh, India, Nepal and Bhutan. Momen said Bangladesh is eager to import hydropower from Nepal and Bhutan, and it can export power to the energy-deficient Northeast India.

Hasina thanked Modi for the Covid-19 vaccines given to Bangladesh as gifts. She also requested him to see that the next tranches of vaccines that Bangladesh purchased from the Serum Institute of India are delivered timely.

They discussed ways of removing tariff and non-tariff barriers to reduce the trade deficit faced by Bangladesh. Dhaka has requested Delhi to withdraw anti-dumping duties imposed by India on Bangladesh's jute exports since 2017. The two leaders also stressed the need for infrastructure development of land ports and cooperation on harmonising standards between Bangladesh Standards and Testing Institution and the Bureau of Indian Standards.

Sheikh Hasina reiterated the urgency to sign the Teesta water-sharing deal soon. In response, Modi said India is committed to signing the deal and that efforts are on to this end. Dhaka also urged Delhi to sign an MoU to carry out dredging in the Kushiara River.

Momen said both leaders expressed satisfaction over institutional cooperation on security. Modi thanked Bangladesh for all-out cooperation on ensuring security in India's Northeast. Bangladesh strongly requested India to ensure that no Bangladeshi is killed by India's Border Security Force.

The two premiers gave directives to the BGB and the BSF to work in close coordination under "Comprehensive Border Management Plan" for peace, harmony and stability at the border. The meeting decided to conduct sensitising campaigns for the people in the bordering areas to prevent risky movements.

At a separate briefing, Indian Foreign Secretary Harsh Vardhan Shringla said Modi's visit was "substantive, historically symbolical and very special." He said the two prime ministers discussed new areas such as artificial intelligence, societal application of nuclear energy and expansion of cooperation in the space sector. Shringla said the two leaders also decided to celebrate December 6 annually as "Maitri Diwas", marking the day on which India formally recognised Bangladesh.

"The Indian side also requested for early finalisation of a draft for sharing of water of the Feni River pending with the Bangladeshi side. "River water cooperation is something that will continue." He further said India will continue to work for safe, speedy and sustainable repatriation of the Rohingya refugees to Myanmar from Bangladesh.

India will be involved in the development of the transmission lines for the Rooppur Nuclear Power Plant in Bangladesh under the Indian Line of Credit, he mentioned. "A significant part of our third line of credit will go to civil nuclear cooperation. Transmission lines of

Rooppur Nuclear Power Plant will be developed by Indian companies under the line of credit. Value of these transmission lines will be worth over $1 billion."

The Indian foreign secretary said Modi proposed a joint business exhibition, styled "Best of Bangladesh, Best of India," and announced 1,000 scholarships for Bangladeshi students. Besides, "Bangabandhu Chair" will be established at Delhi University.

Modi said India is moving forward with the mantra of "SabkaSaath, Sabka Vikas and Sabka Vishwas". "At the same time, Bangladesh is presenting a strong example of development and change in front of the world and India is Bangladesh's 'ShohoJatri' in these efforts," he noted.

Source : The Daily Star

Bangladesh and Bhutan agree to activate river routes to expand trade

Bangladesh and Bhutan have agreed to activate riverine routes to expand trade between the two countries. Prime Minister Sheikh Hasina and her Bhutanese counterpart Lotay Tshering reached the consensus at a meeting held at Dhaka on 24 March, where the two leaders discussed various fields of bilateral cooperation, especially trade and connectivity.

"The two leaders have agreed on finalising the Standard Operating Procedure (SOP) for using inter-country river routes and the draft protocol to the transit agreement on a priority basis," said Foreign Minister AK Abdul Momen at a press conference on the Bhutan PM's visit to the Foreign Service Academy on 24 March.

"There has been a lot of progress in the field of naval communication. The Dubri-Chilmari river route has already been operationalised. This will be of great benefit to us. Our products can be sent through the route. On the other hand, we bring some boulders from there. They can be brought in by river," he added.

The minister also mentioned that Prime Minister Sheikh Hasina had reiterated the government's position regarding giving Bhutan access to seaports in Bangladesh. "She emphasised prompt finalisation of agreements and protocols in this regard." Hasina also put emphasis on constructing necessary infrastructures to reap the highest benefits from the Preferential Trade Agreement (PTA) signed between Bangladesh and Bhutan.

Both prime ministers emphasised holding foreign office consultation and commerce secretary level meetings as soon as possible to expand trade. Sheikh Hasina put emphasis on building more ports of call. For establishing cooperation in hydropower projects, she asked for formulating a bilateral or tripartite memorandum of understanding (MoU) in this regard.

"Both the premiers have agreed to work together on cooperation among Bangladesh, Bhutan and India in the field of hydropower. Bi-lateral and trilateral efforts will also be made in this regard," said Foreign Minister.

Answering a question on the delay in tripartite hydro-electricity issue, he said, "The proposal has been there for a long time. Bangladesh, Bhutan and India decided that the hydropower establishment would be in Bhutan. And it will come to Bangladesh from there via India. It is now in its final stages. All concerned have agreed to do it. The bureaucratic process is going on now.

"Besides, Bhutan has proposed that it and Bangladesh can also exchange hydropower bilaterally. In this case we can invest in Bhutan. This issue was also discussed." The foreign minister said, "We are already bringing energy from India but we are yet to bring it from Bhutan. Prime Minister Sheikh Hasina has repeatedly raised this issue before India so that the process is completed speedily. We are working on it."

The two prime ministers agreed to look into the issue of establishing train links between Bangladesh and Bhutan through the recently inaugurated Chilahati-Haldibari train link with India. Cargo transport has already started with India on the Chilahati-Haldibari railway line.

Responding to a question, the minister said they also agreed to look into the possibility of establishing cargo air links between Gelephu in Bhutan and Saidpur in Bangladesh. "There has been a lot of progress regarding the Nakugaon Land Customs Office. It has been opened. We can export and import goods from this side as well," he added.

"As both Nepal and Bhutan are landlocked countries, connectivity with them is difficult without India's cooperation. That is why their heads of government also want Bangladesh to play a leading role in communicating with India in this regard, as Prime Minister Sheikh Hasina and Narendra Modi have very good relations."

The foreign minister mentioned that Bhutan had expressed interest in using Bangladesh's second submarine cable. Bangladesh would allow Bhutan to use internet bandwidth at a friendly price, he added. The Bhutanese prime minister requested Prime Minister Hasina to issue one-time multiple full term visas for their students who are studying in Bangladesh. The Bangladesh premier agreed on the proposal and asked officials concerned to take necessary steps. Earlier, the two prime ministers also held a tête-à-tête for 45 minutes.

Engaging in conversations that were largely around the good relations the two countries shared, the two prime ministers discussed the twin celebrations that were the highlights of the trip and also touched upon some bilateral issues, according to the Bhutanese Prime Minister's Office.

Lotay Tshering arrived at Dhaka on 23 March morning on a three-day official visit to join the golden jubilee celebrations of Bangladesh's independence and the birth centenary of Father of the Nation Bangabandhu Sheikh Mujibur Rahman.

Bangladesh and Nepal signed four MoUs

Dhaka and Kathmandu signed on 22 March four MoUs for enhancing cooperation between the two countries in different areas-tourism, sanitation, cultural exchange and railways link. President M Abdul Hamid and his Nepalese counterpart Bidya Devi Bhandari witnessed the Memorandum of Understandings (MoUs) signing ceremony.

The MoUs were inked after the bilateral talks between Bangladesh and Nepal at the Credential Hall of Bangabhaban. These MoU are:

Tourism Cooperation: jointly signed by Civil Aviation and Tourism Secretary Md Mokammel Hossian from Bangladesh side and Nepalese Culture, Tourism and Civil Aviation Secretary Yadav Prasad Koirala.

Strengthening Sanitary and Phytosanitary (SPS) Cooperation : signed by Bangladesh's Agriculture Ministry's Senior Secretary Md Mesbaul Islam and Secretary of the Industry, Commerce and Supplies Ministry of Nepal Dinesh Bhattarai.

Cultural Exchange Programme for the year of 2022-2025 : signed by Bangladesh's Cultural Affairs Secretary Badrul Arefin and Nepalese Culture, Tourism and Civil Aviation Secretary Yadav Prasad Koirala.

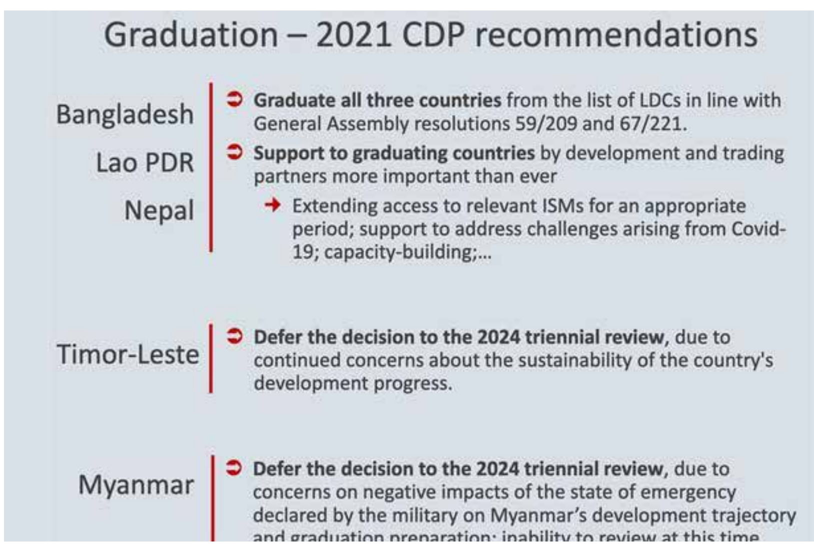
Letter of Exchange on Rohanpur-Sighbad Railway Route amendment to Nepal-Bangladesh Transit Agreement) : signed by Bangladesh's Commerce Ministry Secretary Dr Md Jafar Uddin and Nepal government's Industry, Commerce and Supplies Ministry Secretary Dinesh Bhattarai.

UN recommended Bangladesh's graduation from LDC category

The United Nations Committee for Development Policy (CDP) has recommended Bangladesh's graduation from the LDC (least developed country) category. The recommendation came at the CDP's triennial review on the LDC category on 27 February, as the country had met all three criteria in the last three years.

Now the CDP recommendation needs to be approved by the UN Economic and Social Council, and then placed before the UN General Assembly for getting the final nod as a non-LDC country. As per the system Bangladesh may get the final nod from the UN in 2024, but will get it in 2026 as the government has sought two more years to graduate from the LDC status due to the pandemic.

According to the UN criteria, a country must excel in at least two of



the three criteria in two consecutive triennial reviews to be considered for the graduation. As per the UN's graduation threshold, the GNI (Gross National Income) per capita of an aspiring country has to be US$1,222 or above. Bangladesh's GNI per capita is now $1,827 - well above the ceiling. The per capita income was $1,324 during the last triennial review in 2018.

In terms of the HAI, a country must have a score of 66 or above. Bangladesh has performed better than it did in 2018, as its score increased to 75.4 from 73.4. The HAI is an indicator of nutrition, health, adult literacy and secondary school enrolment rate. In the EVI criterion, a country's score has to be below 32. Bangladesh's score is now 27.0 against 27.8 three years ago in 2018.

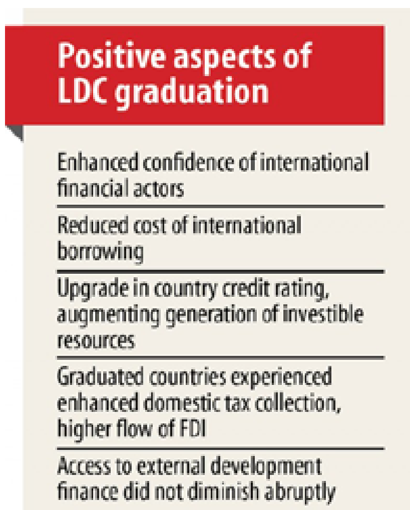
The EVI is a composition of some indicators, such as - instability of agricultural production and exports of goods and services, population size, and share of agriculture, forestry and fisheries in the gross domestic product (GDP). On the eve of the recommendation for the country's LDC graduation, Professor Shamsul Alam, member of the Planning Commission's General Economics Division (GED), told the FE that the graduation would be a milestone for Bangladesh in the golden jubilee of its independence. Regarding the challenges, he said, "After the graduation, Bangladesh will lose some trade and concessional loan benefits from the developed and developing nations.

Risks lurk for Bangladesh in post-LDC era

Bangladesh's economy could be affected substantially after graduating to a developing nation in 2026 as it is not ready, mainly on trade front, to weather the impacts. Higher domestic tariff protection, lack of export market diversification as well as poor industrial preparation to face graduation challenges are the key possible hurdles in the post-LDC period. Economists and trade experts made these observations and reactions.

On 27 February, the United Nations Committee for Development Policy categorised Bangladesh as a non-LDC country for maintaining all three criteria both in the first (in 2018) and the second (in 2021) reviews. Bangladesh along with Nepal and Lao PDR will graduate from its LDC (least-developed country) status to a developing one in 2026.

Policy Research Institute of Bangladesh (PRI) executive director Dr Ahsan H Mansur said although Bangladesh's economy was comparatively on a solid stance, its industrial sector was is in a very poor state. "From the trade front, our industries and businesses are completely unprepared to sustain in the post-LDC era. Although we've been talking about the challenges since 2017, the government and industries have not taken any preparation yet." Bangladesh had not any better talks with the EU, ASEAN or other counterpart international trade partners over the past four to five years while working for its graduation, he said.



"You see, Bangladesh's average tariff rate is nearly 27 per cent. But in ASEAN countries, it's only 4.7 per cent," Dr Mansur told the Financial Express. "So, if Bangladesh goes for bilateral talks with the East Asian nations, will they feel free for talks with this higher protected economy? I have enough doubt." The senior economist suggested taking preparation from day one on multi-fronts to face the upcoming challenges after 2026.

Dhaka University economics professor Dr Selim Raihan told the FE that Bangladesh's LDC graduation had several risk factors rather than a panacea. "The loss of exports can be sizeable in the markets where Bangladesh enjoys duty-free access as an LDC," he cited. "It's also important to mention that many of the prospective benefits of

LDC graduation are not automatic as the country has to work quite a lot to materialise those benefits."

In contrast, Dr Raihan said, almost all possible losses would be automatic soon after Bangladesh graduates… Therefore, it has to prepare over the next five years to counter these challenges. Expressing his delight, the economist said Bangladesh had to make some extraordinary efforts in its economic and social development process in the days to come.

Benefits of LDC graduation were cited to include an improved country image and higher rating for investment by international rating agencies which may attract larger FDI, said Dr Raihan, also executive director of the South Asian Network on Economic Modeling (SANEM).

According to the latest Perspective Plan 2021-2041, Bangladesh is likely to lose $7.0 billion's worth of export earnings annually after its graduation to a developing nation. The General Economics Division's vision paper said Bangladesh could lose export market, especially in the EU, Canada, Australia, Japan, India and China. It might also be deprived of the concessional loan benefit from multilateral and bilateral development partners after its graduation.

Based on the simulation results from the global dynamic general equilibrium model, the plan said: "The loss of preferences in the markets of the EU, Canada, Australia, Japan, India and China in 2024 might lead to an annual reduction in the total export of Bangladesh by 11 per cent or equivalent to around $7.0 billion given the current projection of export growth."

"Although the graduation as non-LDC would improve the country's image and rating for attracting foreign direct investment, there will be a number of risk factors." As an LDC, Bangladesh along with its 48 peers currently enjoys duty- and quota-free benefits under the EU's generalised system of preferences (GSP).

Bangladesh Garment Manufacturers and Exporters Association president Dr Rubana Huq said, "Graduation brings an immense national pride for us, it would also fetch them a number of challenges." Bangladesh's export competitiveness would also be affected since the current subsidy programmes of the governments might not continue in the post-LDC era in its current fashion, she added.

"Lack of diversification within and beyond RMG is also a drawback for Bangladesh's strategic growth plan, particularly in a situation where the lion's share earner, RMG industry, relies heavily on market access." "Lack of backward linkage capacity, particularly in the woven textile sector and non-cotton segments of textile and clothing is a major handicap for the industry," she went on to say.

"Access to technologies, innovation and capital would be critical to facilitate excellence in the industry to create opportunities through product diversification and moving up the ladder of value chain."

Bangladesh would need similar empathetic consideration from the EU in particular to extend the existing scheme, say EBA, for Bangladesh for at least another seven to 10 years "on the ground of our high concentration on RMG and in EU market, and the possible implication on employment and poverty".

Dr Huq said, "Discussion with the European Commission needs to be initiated with regard to 7.4-per cent import threshold criteria for GSP Plus scheme." "The EU is currently reviewing its GSP scheme for 2023 which will be finalised soon. If we can successfully lobby with EU to re-fix its threshold criteria from 'import under EU GSP' to 'EU's overall import', this may resolve the problem."

Simultaneously, Bangladesh needs to engage in bilateral FTA discussions with the EU and other prospective and significant trade partners, she suggested. Dr Huq said a mapping of the policy ecosystem (like investment, subsidy and exchange rate management) is essential for a sustainable graduation by a strategic approach to accomplish 'synergic benefit'.

Source : The Financial Express

Prime Minister Sheikh Hasina among top 3 inspirational women leaders in Commonwealth

Prime Minister Sheikh Hasina has been named amongst the top three inspirational women leaders in the Commonwealth. In a special announcement ahead of the International Women's Day 2021, Commonwealth Secretary-General Patricia Scotland QC bracketed Prime Minister Sheikh Hasina along with New Zealand Prime Minister Jacinda Arden and Barbados Prime Minister Mia Amor Mottley to have demonstrated extraordinary leadership during the Covid-19 pandemic.

A press release was issued by the Bangladesh High Commission in London, in this regard on 6 March.

"For me whilst I am inspired all the time by so many women and girls, I would like to name three phenomenal leaders in our Commonwealth – Jacinda Arden, the prime minister of New Zealand, Mia Amor Mottley, the prime minister of Barbados, and Sheikh Hasina, the prime minister of Bangladesh – for their leadership during Covid-19 in their roles in their respective countries."

The Commonwealth secretary general said: "All three leaders alongside so many other women have given me hope for a world that delivers a common future for women and men and serves all of our common good." Earlier, different countries have lauded Bangladesh for successfully tackling the novel coronavirus pandemic.

Bangladesh's agricultural productivity, as well as foreign remittance, has been robust. The government declared stimulus packages for the people adversely affected by the pandemic. Bangladesh is one of the first countries that have begun early Covid-19 vaccination campaign and economic recovery.

Referring to Bangladesh's past successes in disaster management, UN Secretary-General Antonio Guterres last week said in view of the country's ranking as a global leader in risk mitigation, he was not surprised to see such an accomplishment. He expressed admiration for PM Hasina, especially for her strong commitment to the people of Bangladesh.

UK to extend GSP for 3 years after LDC graduation: British High Commissioner

The United Kingdom will extend the Generalised System of Preferences (GSP) for three years as a grace period to Bangladesh after it graduates from the least developed country (LDC) status to a developing one. After that period, the UK will make a decision according to its trade policy, British High Commissioner to Bangladesh Robert Chatterton Dickson told reporters at a press conference in his Dhaka residence on 17 February.

Mentioning that around 15 UK companies are interested in investing in the country's higher education, financial service, healthcare and ICT sectors, Dickson encouraged Bangladesh to further improve its business environment. On 16 February, at the first meeting of the UK-Bangladesh Trade and Investment Dialogue at the commerce ministry in Dhaka, the British high commissioner said the UK will continue to provide the GSP facility for Bangladesh similar to the European Union.

The Bangladesh government recently expressed its interest for LDC graduation in 2026 due to the impacts of the Covid-19 pandemic, in a recent meeting with the United Nations Committee for Development Policy. Clarifying the UK's stance on this matter, Dickson said if Bangladesh graduates in 2026, the country's GSP facility in the British market will continue till 2029.

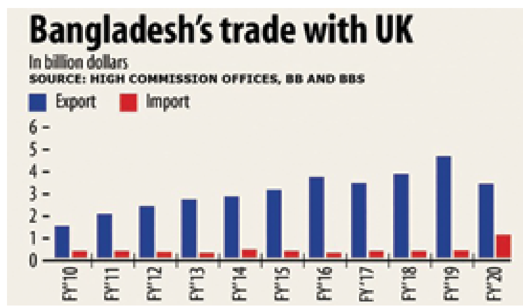
Bangladesh's annual bilateral trade with the UK is around £3.4 billion. Of this, £2.8 billion are from exports and £600 million from imports. The country has been giving duty free export facilities to 99% of Bangladesh's products since 2019. Before that, Bangladesh used to receive the same facility from the UK under the European Union's "Everything but Arms (EBA)" scheme.

Addressing the press conference, Dickson said, "Bangladesh – which is the eighth most populated country in the world – is very attractive to international investors due to its big domestic market, positive economic growth and a large youth population. "But to avail more foreign investments, it must make a series of efforts, including further improving its business environment. This issue requires political commitment."

He continued, "Bangladesh is not getting its expected foreign investment due to hurdles posed by bureaucratic red tape, corruption, lack of coordination between ministries and tax related complications. "If Bangladesh manages to improve its ranking in the Ease of Doing Business Index by overcoming these hurdles, the country will easily graduate to a middle-income country."

Mentioning that Bangladesh currently ranks 168th on this index, Dickson said, "Bangladesh must improve in a significant number of sectors to avail more foreign investment. The country must ensure a financial sector fit for a middle-income country.

"Bangladesh's tax policy is unpredictable, and launching a business in this country is difficult. There are problems with issues such as 'ability to enforce contract' and 'property dispute resolution'. Protection of intellectual property is also lacking in the country, which is a concern for the international investors."



He further said, "Bangladesh will surely become more attractive to the international investors after improving its business environment. The country needs to strengthen its financial sector, insurance and capital market for graduating to a middle-income country." Dickson said, "I mentioned the UK's interest towards investing in Bangladesh's higher education sector during the first UK-Bangladesh Trade and Investment Dialogue. Since 2016, at least nine UK universities have expressed interest in investing in Bangladesh.

"Top universities – that focus on technical and professional sectors – want to invest in Bangladesh and achieve success similar to Sri Lanka and Malaysia. These universities will help provide international standard education under the British curriculum to Bangladeshi people."

Bangladesh to outperform Asian peers in economic recovery: StanChart study

Bangladesh is likely to recover faster than its Asian peers from the Covid-19 fallout by improving exports, growth in domestic consumption and remittance inflow, according to a study of Standard Chartered bank. In fiscal 2020-21, the economy will bounce back led by growing exports and remittance, which will also give a boost to consumption, it said.

Anubhuti Sahay, head of South Asia economics research of Standard Chartered Singapore, presented the findings of the study titled "2021 Outlook: The Road to Redemption" at a virtual discussion organised by the Bangladesh-German Chamber of Commerce and Industry (BGCCI).

The bank expects global growth to rebound to 4.8 per cent in 2021, she said. Global trade has bounced back but exports are yet to reach pre-pandemic levels, Sahay said. Bangladesh is likely to be an outperformer in the Asian region, according to her. A good number of companies are shifting their manufacturing facilities from China to Bangladesh, she added.

Bangladesh will face some long-term challenges after its graduation from the least developed country (LDC) category by 2027, if the developed and developing countries do not continue extending the LDC facilities to it, Sahay said. For instance, the LDCs enjoy 136 different kinds of international support measures, but once the country is graduated, all those measures would be eliminated.

Bangladesh is likely to lose between 5.5 per cent and 7.5 per cent of its exports because of the economic graduation, she said in the presentation. Ministers, diplomats, businessmen of Bangladesh and Germany, trade body leaders and exporters took part in the discussion moderated by Shahed Akhtar, executive adviser to the BGCCI.

Commerce Minister Tipu Munshi said a high-powered trade delegation will visit Germany this year to increase bilateral trade and investment. The minister invited German businesses to invest in Bangladesh's special economic zones as the government is developing 100 economic zones across the country.

Germany is the only country where Bangladesh's exports grew post-June 2020 and the majority of shipments was based on manmade fibre-based products, said Rubana Huq, president of the Bangladesh Garment Manufacturers and

Exporters Association. She urged the German companies to invest in local manmade fibre, polyester staple fibre and light engineering sectors as those are growing rapidly in Bangladesh.

The German economy is set to rebound in 2021 and 2022, said Mustafizur Rahman, distinguished fellow of the Centre for Policy Dialogue. "Bangladesh will also see a rise in export to Germany." German investment in Bangladesh is low, he said, adding that the western European country still has a huge opportunity here and it should take steps to make proper use of the preferential access Bangladesh enjoys in the EU. He also mentioned about setting up country-specific economic zones in Bangladesh, which will help to increase foreign direct investment in the country.

When buying slows down in Germany, it affects consumers' buying behaviour in other countries because Europe buys as a whole, said Syed Nasim Manzur, managing director Apex Footwear. He also stated that Bangladesh will definitely outperform and is already outperforming due to the bold leadership of the government and resilience of Bangladeshi workers. On the other hand, he urged German small and medium enterprises to focus more on the markets of Bangladesh because they are missing a huge trade opportunity.

Naser Ezaz Bijoy, CEO of Standard Chartered Bangladesh, stressed the need for smooth export financing, introduction of export credit guarantee scheme and aggregation of large project for faster recovery of Bangladesh. Jan Moritz, managing director of Julius Hüpeden, discussed how the coronavirus pandemic has affected the buying behaviour of consumers and made a significant downward trend on apparel turnover.

Germany is the largest export destination of Bangladesh in Europe, said Mosharraf Hossain Bhuiyan, Bangladeshi ambassador in Germany. He also shed light on his meetings with various heads of the foreign trade departments, according to a statement of the BGCCI. Some are coming forward, as a German garment maker is planning to establish a manufacturing plant inside Adamjee EPZ, Bhuiyan said.

He said there is immense opportunity to grow business between the two countries. Marck Wengrzik, managing director of AKA Export Credit; Christine Jordan, head of structured export finance at Standard Chartered Bank AG; Zafar Sobhan, editor of the Dhaka Tribune; Javed M Ahmad, CEO of Aprosoft Boston, and Omar Sadat, BGCCI president, also spoke.

Source : The Daily Star

Govt creates infrastructure fund with forex reserves

The Bangladesh Infrastructure Development Fund (BIDF) – formed with a portion of forex reserves – has started its journey with the government having picked the Payra port first for financing from the new fund. Prime Minister Sheikh Hasina inaugurated the new fund on 15 March, under which $2 billion will be invested annually in different public development projects.

The Finance Division, the Payra Port Authority, and Sonali Bank signed a tripartite agreement on 15 March to finance capital and maintenance dredging in the Ramnabad channel of the Payra Port through the newly-established investment window under the central bank for using foreign exchange reserves in public development projects.

Initially, projects under port and power sectors will get funds from the reserves and other profit-yielding projects will be added to the list gradually. Besides, private projects will also get loans from it after the fund size gets expanded. The BIDF is the first of its kind in South Asia and the world.

According to the tripartite agreement, the Bangladesh Bank will give $650 million in foreign exchange to Sonali Bank at 1% interest rate. Sonali Bank will loan it to the Payra port authority at 2% with a 10-year repayment period. Speaking on the occasion, Sheikh Hasina said, "As a developing country, we now have to get ahead on our own and run development works with our own financing to become a developed country. That is why we formed the BIDF."

China, in particular, has invested around $1 trillion from its forex reserves of nearly $4 trillion in the Belt and Road Initiative. In 2009, the country formed the China Investment Corporation as a sovereign wealth fund transferring $70 billion from its forex reserves.

Mentioning that the fund is first of its kind in South Asia, Finance Division Secretary Abdur Rauf Talukder said earlier, the Bangladesh Bank had provided funds from forex reserves for the construction of the Padma Bridge with its own funds.

According to Finance Ministry officials the newly-formed fund will gradually be used in financing profitable projects in other public sectors. The loans will have to be repaid with incomes from the projects after they come into operation. However, if the institution concerned is not able to earn enough to repay loans, the deficit will be met from the budget.

They said there is a possibility of getting foreign loan at a comparatively low interest rate, but project implementation is often delayed owing to foreign dependence. The BIDF fund will help implement projects on time which will speed up the country's economic activities. The initial target has been set to raise $2 billion a year through the fund.

There are plans to finance the private sector from the fund in the future. Prime Minister Sheikh Hasina has also indicated as much in her speech.

In this context, the prime minister said, "We have to set aside a portion from the foreign currency reserve to meet import bills of six months, so we can buy food when an unforeseen crisis arises. We can invest the rest of the money. That is why we have thought of setting up our own fund [BIDF]." The current reserves amounting to $43 billion can meet up to eight-month's import bills.

When the foreign exchange reserves rose to $36 billion in July last year, Prime Minister Sheikh Hasina directed to find ways to use it for infrastructure development. She then requested the finance ministry to prepare a guideline for investing the forex reserve only in profitable public projects.

Forex reserve hits record high over $44b

The country's foreign exchange reserves touched a new record of over US$44.02 billion on 24 February. The reserves touched the $41 billion mark on October 28 and rose to $42 billion on December 15 and $43 billion on December 30 in the year 2020. Between July and January this fiscal year, the country received $14.9 billion in remittance, up to 34.95 percent a year ago. Remittance stood at $1.49 billion in the first 23 days of February in contrast to $1.24 billion in the same period a year ago. Remittance has played a vital role in boosting the foreign exchange reserves amid the ongoing coronavirus pandemic.

Govt targets $150b remittance in 8th Five-Year Plan

The government has set an ambitious target of earning $150 billion through remittance between July 2020 and June 2025, according to a document on the 8th Five-Year Plan. To reach the target, the expatriate's welfare and employment ministry will roll out an overseas employment market expansion roadmap developed by a new Market Expansion Task-Force. The target was revealed in a 10-point agenda on overseas employment and the well-being of migrant workers of the 8th Five-Year Plan.

The document -- 8th Five Year Plan: July 2020 to June 2025-Promoting Prosperity and Fostering Inclusiveness -- said Bangladesh had experienced strong growth in overseas employment and migration. "There is confidence among stakeholders that overseas employment and migration could play a more substantive role in the country's development, beyond just counting remittance," it added.

The 10-point agenda includes initiatives for institutional and legal reforms, capacity enhancement, market expansion, skills development, access to service, access to finance, protection of rights and well-being, digitalisation, private sector engagement, cost of migration, and reintegration.

Currently, overseas employment is limited to about 20 countries. The market expanded from roughly 2.6 million workers in the 6th five-year period to nearly 8 million workers in the 7th plan period. In order to expand the market, the expatriate's welfare and employment ministry aims to send at least 5 million new workers abroad, with nearly half of them being of skilled categories. The ministry will target 20 countries in four new geographic regions, the document said.

In regards to skills development, the ministry will establish one technical training centre in each upazila to provide potential migrants with long-term training. The planning ministry, in association with the foreign affairs ministry and other relevant entities, will also pursue international accreditation and mutual recognition of skills from at least 20 countries by the end of the plan period.

Besides, it will develop a policy for skills classification for migration to replace the four traditional categories -- less skilled, semi-skilled, skilled, and professional -- with a new competency-based grading system. The agenda on access to service includes the introduction of a seamless one-stop service for potential migrants by integrating both physical and digital infrastructure.

This includes expanding the grievance management system so that it can be integrated with relevant institutions at home and abroad. To ensure access to finance, the expatriate's welfare and employment ministry would work closely with Probashi Kallyan Bank (PKB) to remove all bottlenecks. This includes expanding the branch network and the number of agent banking outlets in each upazila.

PKB will also introduce the families of migrant workers to digital banking and a host of other products. The government has introduced insurance services for migrant workers and their families, and the access to finance agenda includes increasing the coverage and duration of those services.

During the plan period, the ministry will allocate resources to strengthen the institutional capacity to ensure the protection of rights and well-being of migrant workers, especially women. Non-resident Bangladeshi specialists would be engaged to support new migrants facing troubles in destination countries in terms of legal protection and mental health.

The ministry will also launch a comprehensive programme in collaboration with the private sector to ensure mental health support during their stay abroad and after returning.

Source : The Daily Star

Bangladesh among few whose remittance surges in 2020: EIU Report

Bangladesh became an exception among top remittance recipient countries amid the Covid-19 pandemic as expats sent $19.8 billion to the country in 2020, an 8% increase on the previous year's. The country's remittance inflow was $18.4 billion in 2019.

The novel coronavirus pandemic has had an enormous impact on jobs and wages in many sectors of the global economy, and the crisis negatively influenced the flow of migrant remittances across the globe. Besides Bangladesh, Mexico and Pakistan also registered a remittance inflow increase of 9% and 4% respectively in 2020 compared to 2019, according to Economist Intelligence Unit (EIU) report titled "Covid-19 and Migrant Remittances: A Hidden Crisis Looming?" published on 17 February.

The three countries are among the world's largest recipients of remittance, it mentions, adding that the increases were no doubt the result, at least in part, of a shared desire among migrants from these countries to support loved ones back home during an exceptional economic crisis. In Bangladesh and Pakistan, increased remittance inflows were likely tied to factors unique to 2020. These included the repatriation of overseas savings by nationals returning home after losing their jobs, the report added.

The introduction of new remittance tax incentives by the authorities in 2019 by Bangladesh and in 2020 by Pakistan – could also have boosted flows, but those effects may well be temporary, the report pointed out. The World Bank estimated that global remittances fell by 7% in 2020, surpassing the 5% decline seen during the global financial crisis in 2009.

The EIU also warns that the one-off nature of these factors increases the risk of a further 7% remittances falling in 2021 owing to the pandemic's lingering effects

on the global economy. This could be problematic for Pakistan and Bangladesh, which both ran pre-Covid current-account deficits and rely on remittances for a sizeable share of current-account credits, which was 40% and 29% respectively in 2019, the EIU said.

Remittances surge to $16.69b in July-February period

The country's inward remittance stood at an estimated 16.69-billion dollars in the first eight months of the current fiscal year (FY), 2020-2021. The amount was 33.51 per cent higher than that of the corresponding period in FY 2019-2020, according to Bangladesh Bank (BB). Bangladeshis staying abroad sent nearly $12.50 billion back home during the July-February period of FY 2019-20, according to the BB data. However, the volume of inward remittance was recorded at $1.78 billion in February 2021 compared to more than $1.45 billion in February 2020. The inflow in February 2021 was $181.32 million lower than that of $19.62 billion in the previous month of January mainly due to fewer working days. On the other hand, the country's foreign exchange reserve exceeded $44.12 billion mark as of March 01, according to the central bank.

Govt releases Tk 5,700 million to support small firms
A total of Tk 15,000 million will be disbursed in two fiscal years

The government has released Tk 570 crore from the Tk 1,500 crore stimulus package for their disbursement among small traders, entrepreneurs and farmers to help them survive the ongoing pandemic. Eight government and semi-government agencies will disburse the fund this fiscal year while the rest of the amount will the disbursed in the next fiscal year.

The government approved the new packages on January 17 with an aim to improve the living standards of marginalised people living in rural areas. The loans will be given as grants among cottage, micro and small enterprises (CMSE) in rural areas that previously had no access to formal banking channels. Borrowers can avail the loan at 4 per cent interest while the lenders will charge this interest as transaction costs.

The Bangladesh Rural Development Board got the highest allocation of Tk 150 crore for disbursement within 2020-21 out of its total allocation of Tk 300 crore for two fiscals, including 2021-22. Of the remaining amount, Tk 100 crore each has been allocated for the Palli Daridro Bimochon Foundation, Social Development Foundation and SME Foundation.

Tk 50 crore will go to both the Bangladesh Small and Cottage Industries Corporation (BSCIC) and Small Farmer Development

Foundation while the NGO Foundation and Joyeeta Foundation have been given Tk 10 crore each.

Micro businesses and farmers that could not avail loans from banks due to a lack of necessary documentation will get funds under the package. The finance division has set some conditions for disbursing the loan. Borrowers will have to repay the loan within two years in 18 monthly instalments with a grace period of six months.

The disbursing agencies will have to formulate a separate policy to ensure convenience for potential borrowers from the package, which also aims to expedite Bangladesh's recovery from the Covid-19 fallout. The lenders will have to ensure receipt of the loan at the marginalised level clients. The grant is non-refundable while lenders will have to deposit the total collected money, including the principal amount and interest, by forming a separate revolving fund. It is mandatory for the lending agencies to send soft copies of the detailed expenditure statements regarding disbursements against a particular firm to the finance division. The agencies will also have to properly follow all the rules and regulations while disbursing the fund.

Bangladesh, Maldives can introduce sea cruise services : Prime Minister

Prime Minister Sheikh Hasina on 17 February said sea cruise services can be introduced between Bangladesh and the Maldives during the winter season. The prime minister made the proposal while newly-appointed High Commissioner of the Maldives to Bangladesh Shiruzimath Sameer met her at Ganabhaban. PM's Deputy Press Secretary Hasan Jahid Tusher briefed reporters after the meeting.

At the meeting, the prime minister put emphasis on the need for exchanging experiences and

assistances between the two friendly countries in collecting fisheries in the deep sea. The high commissioner said a memorandum of understanding may be signed during the visit of her country's President to Bangladesh on the occasion of the Golden Jubilee of independence.

Sheikh Hasina urged the Bangladeshi nationals residing in Maldives to receive Covid-19 vaccine. Shiruzimath Sameer said her country has already started the vaccination of the labourers as they have been playing a significant role in the socio-economic uplift of the country.

The high commissioner informed Sheikh Hasina that a number of Male students have been studying medical sciences in Bangladesh. The prime minister said teachers are getting vaccines first and then the students will get the jabs in Bangladesh. Noting that her government has established engineering universities and colleges, medical colleges, aviation university and maritime university in Bangladesh, she urged the Maldives students to come to Bangladesh in large numbers for study purposes.

Sheikh Hasina urged the businessmen of Maldives to invest in agriculture and agricultural goods, leather and leather goods, ceramic, medicine and information technology sectors alongside fisheries. Focusing on the success in the agricultural sector, she said the agricultural production in Bangladesh has been increasing day by day. Despite the fact, Bangladesh has to import food as it has to distribute a huge amount of food and face several floods during the Coronavirus pandemic, she added.

The new Male envoy expressed her country's desire to boost trade and commerce with Bangladesh. She also sought investment from Bangladesh in a new city being built on Male Island. Shiruzimath Sameer lauded the Prime Minister for her visionary leadership alongside her role and initiatives in facing the situation arising out of the coronavirus.

The Prime Minister said the entire world has been suffering from the Coronavirus pandemic while her government has tried its best to face it. The High Commissioner of the Maldives expressed her gratitude on behalf of her country as Bangladesh has given donations to the Maldives in a very difficult time.

The issue of Rohingya relocation also came up during the meeting. Shiruzimath Sameer described the relocation of Rohingyas to Bhashan Char as a good move. Bangladesh is currently hosting more than 1.1 million forcible displaced Myanmar nationals. The majority of them came here since the August 2017 crackdown on the mainly-Muslim ethnic minority in the pretext of a 'clearance operation'. The Rohingyas are living in cramped camps in the coastal district of Cox's Bazar.

Bangladesh invested millions of dollars to develop the Bhasan Char island and plans to relocate 100,000 Rohingyas there in phases. So far, 8,702 Rohingyas have been taken to the island. Sheikh Hasina said Rohingyas have been living in Cox's Bazar in a very inhuman condition where forest and environment were also being destroyed severely.

"We've arranged better and modern accommodation for the Rohingyas at Bhashan Char. We'll develop the entire area," PM quoted. PMO Secretary Md Tofazzel Hossain Miah and PM's military secretary Major General Naquib Ahmed Chowdhury were present the meeting.

ECNEC approved Tk 43.47b project to develop Bangabandhu industrial city

The Executive Committee of the National Economic Council (ECNEC) on 3 February approved a Tk 43.47 billion project to develop the Bangabandhu Sheikh Mujib Shilpa Nagar (BSMSN) as a state-of-the-art and international standard greener economic zone of the country. The approval came from the 21st meeting of the ECNEC in the current fiscal year (FY21) held with its Chairperson and Prime Minister Sheikh Hasina in the chair. The premier chaired the meeting virtually from Ganabhaban. Ministers, state ministers and others concerned attended the meeting from the NEC Conference Room in the city's Sher-e-Bangla Nagar area.

Briefing reporters after the meeting, Planning Minister MA Mannan said that the ECNEC approved a total of eight projects today with an overall estimated cost of Tk 113.24 billion. "Of the total project cost, Tk 51.40 billion will come from the government of Bangladesh, Tk 181.2 million from the concerned organisation's own fund while the rest Tk 61.66 billion will be arranged as loans from foreign sources," he added.

Out of the approved eight projects, six are new while two others are revised projects. The planning minister said Bangladesh Economic Zones Authority (BEZA) under the Prime Minister's Office (PMO) will implement the project titled "Development of Bangabandhu Sheikh Mujib Shilpa Nagar" with an overall estimated cost of Tk 43.47 billion. Of the total project cost, Tk 39.67 billion will come from the World Bank as project loan while the rest Tk 3.80 billion from the government of Bangladesh.

BEZA will implement this project by December 2025, in order to create an enabling environment for sustainable private investment and a dynamic local market for industrial land. This huge project is being implemented at Mirersarai where foreign companies from countries like China, Japan and South Korea have already shown their interest to invest.

According to the Planning Commission, the project mainly aims to ensure infrastructural development of various zones including Zone 2A and Zone 2B of BSMSN and thus creating private investment friendly environment there. Besides, it also aims to turn this BSMSN as a green economic zone as well as creating new employment opportunities through attracting necessary investment. The project will be implemented by December, 2025 at Mirersarai in Chattogram.

The project also aims to attract local and foreign investment, ensuring speedy industrialisation as well as product diversification, boosting export earnings and thus creating scopes for earning valuable foreign currency. Besides, once the project is implemented, there will be huge employment opportunities, including for women, which will also play a supporting role in further alleviating poverty.

BEZA has already received investment proposals amounting to over US Dollar 20 billion from over 127 local and foreign business entities for the Bangabandhu Sheikh Mujib Shilpa Nagar (BSMSN). Beyond these investment proposals, many world-renowned foreign companies are coming with big investment offers, according to BEZA.

Under the project, BEZA will construct a 30-kilometre road inside the BSMSN alongside other necessary infrastructures such as a central effluent treatment plant, desalination plant, solar energy systems, solid waste management, biogas plant, waste sorting facility, rooftop and floating solar.

Besides, there will be necessary land development, necessary site upgradation, constriction of one investor club and one stop service (OSS) centre, one emergency response center, one skills development center, sanitation and water supply network along with telecommunications network, power network, gas pipeline network, environmental lab and monitoring system.

The BSMSN is taking shape day by day as investors have started developing the physical infrastructure of the 30,000-acre economic zone.

Bangladesh--2nd biggest platform of online workers in Asia : ADB

A flagship of Asian Development Bank (ADB) publication, the Asian Economic Integration Report 2021, has been released on 10th February marked that India, Bangladesh and Pakistan account for 52 per cent of the global online workforce. Nonetheless, Bangladesh is the second biggest source of online workers in Asia followed by India.

As per the report of ACI, from 2017 to 2020, the share of workers in creative and multimedia has increased by 34 per cent in Bangladesh and by 40 per cent in Indonesia. In addition, it accounts for around 59 per cent of Bangladesh's online workforce and 74 per cent of Indonesia's. The majority of online jobs are related to software development, technology and creative and multimedia, said the report.

The Philippines is at sixth, according to the report. Its online workers in creative and multimedia share the bulk of online employment around 47 per cent and the share is 31 per cent in Pakistan. Online workers in the Philippines are into clerical and data services. The amount is about 25 per cent of the international online workforce while such workers in this arena account for fewer than 10 per cent in Bangladesh, India, Indonesia and Pakistan.

Only around 14 per cent of Filipino online workers perform in the tasks of software development and technology, much lower in comparison with the proportion in India (59 per cent), Pakistan (45 per cent) and even Vietnam (52 per cent) – workers of those sectors. In Asia, the creative industry is likely to flourish, as the countries' demographic dividend comprises of big pool of young, creative, tech-lover and sharp-witted people.

A recent webinar – titled 'Online Platform to catalyze inclusive growth' – organized by ADB associates, experts anticipated that digitalization can drive Asia's recovery because opportunities are still immense.

The Asian Development Bank (ADB) is committed to achieving a prosperous, inclusive, resilient, and sustainable Asia and the Pacific, while sustaining its efforts to eradicate extreme poverty. It assists its members and partners by providing loans, technical assistance, grants, and equity investments to promote social and economic development.

ADB to facilitate $11.1b for infrastructure development

Bangladesh's leading multilateral development partner, the Asian Development Bank (ADB), will facilitate around $11.1 billion to Bangladesh from 2021 to 2023 under its new country operations business plan. Out of the total sum, $5.9 billion will be given for firm projects and $5.2 billion for standby projects.

Meanwhile, projects comprise – the Dhaka-Sylhet Corridor Road Project, the Daulatdia-Faridpur-Barisal Road Project, the Tongi-Akhaura Dual Gauge Project, the Laksam–Chattogram Dual Gauge Railway Project, the Dhaka-Comilla Chord Line Project, and the Bangladesh Renewable Energy Project.

ADB Country Director Manmohan Parkash informed Prime Minister Sheikh Hasina about the lender's plan as of 23rd February during a courtesy call at the Gono Bhaban. The ADB provided more than $607 million in loans and grants to Bangladesh to expand the social safety net and manage the coronavirus pandemic's immediate impacts after the crisis hit the country in March 2020. Moreover, it has granted $560 million of other support to create jobs and boost the rural economy.

ADB Country Director also talked about a proposal for $940 million in assistance from its Asia Pacific Vaccine Access Facility for Bangladesh's Covid vaccination programme. Also, two $500-million policy-based loans are being processed in 2021 to support the health and finance sector recovery.

Considering the Covid-19 pandemic, the lender has adjusted its overall programme priorities in Bangladesh, emphasizing health and social protection, food security, skills development, rural development, water and sanitation, and the financial sector.

Manmohan Parkash delivered a study on the collaborative and holistic development of the southwestern region to the prime minister. The report showed that the southwest region could significantly contribute to the country's economic growth, with an industrial output of about $150 billion by target industries and 35 million corridor-induced jobs by 2050, benefiting more than 40 million people.

Meanwhile, the ADB has started the preparation of a new Country Partnership Strategy for 2021-2025. It focuses on the complete association, keeping in mind the Eighth Five-year Plan's priorities, the Perspective Plan 2041, the Bangladesh Delta Plan 2100, and the Strategy 2030 of the lender.

The new strategy will address the infrastructure deficit, skills development, cities and urban centers more livable. Also, it will focus on agriculture and rural development, climate change, and disaster resilience, strengthening the health sector and social protection, gender equity, attracting private investment, and improving the business climate.

WB now doubles GDP growth forecast

The World Bank has more than doubled its gross domestic product (GDP) growth prediction for Bangladesh for the current fiscal year as the economy shows signs of recovery. The Washington-based lender expects the economy to grow 3.6 per cent in the FY2020-21, up from a projection of 1.6 per cent made in the Global Economic Prospects Update in January.

The new prediction was made in a paper of the Bangladesh Third Programmatic Jobs Development Policy Credit. The new GDP growth prediction is still far lower than the government's estimate of 7.4 per cent for the current fiscal year. In January, the lender said in Bangladesh growth was estimated to have decelerated to 2 per cent in the last fiscal year.

It is now projecting a growth of 2.4 per cent for FY20, according to the document, which was prepared in February. The government's provisional estimate showed the GDP had grown by 5.24 per cent in the last fiscal year. Private consumption growth will accelerate as pandemic-related disruptions wane in the second half of the fiscal year, supported by remittance inflows, WB said.

"Export performance is expected to recover through FY21 gradually, as improving economic conditions in developed markets support demand for RMG exports." In the medium term, continued recovery of overall growth will be supported by increased export demand, rising private consumption, and higher public capital expenditure, the document said. The fiscal deficit is projected to reach 6 per cent of GDP in FY21 and to moderate in the medium term.

While downside risks are significant, Bangladesh has a record of sustained macroeconomic stability over the past three decades through various global crises, internal political instability and natural calamities, providing additional assurance of its capacity to handle the emerging macroeconomic risks in the near and medium-term, the WB said.

"Bangladesh's low debt to GDP ratio provides a significant buffer, and despite the increase in spending to deal with the pandemic, the country continues to be at low risk of debt distress."

Streamlined transport connectivity with India may raise Bangladesh's national income by 17pc : World Bank

Smooth transport connectivity between India and Bangladesh has the potential to increase national income by as much as 17 per cent in Bangladesh and 8.0 per cent in India, according to a World Bank report.

Titled 'Connecting to Thrive: Challenges and Opportunities of Transport Integration in Eastern South Asia', the report analyses the Bangladesh-Bhutan-India-Nepal (BBIN) Motor Vehicles Agreement (MVA), compares it with international best practices, and identifies its strengths and weaknesses for seamless regional connectivity.

It also discusses regional policy actions the countries can take to strengthen the MVA and proposes priorities for infrastructure investments that would help the nations maximise their benefits. Today bilateral trade accounts for only about 10 per cent of Bangladesh's trade and a mere 1.0 per cent of India's trade.

However, in East Asian and Sub-Saharan African economies, intraregional trade accounts for 50 per cent and 22 per cent of total trade, respectively. In fact, it is about 15 to 20 per cent less expensive for a company in India to trade with a company in Brazil or Germany than with a company in Bangladesh, the report shows.

High tariffs, para-tariffs, and non-tariff barriers also serve as major trade barriers. Simple average tariffs in Bangladesh and India are more than twice the world average.

Previous analysis indicates that Bangladesh's exports to India could increase by 182 per cent and India's exports to Bangladesh by 126 per cent if the countries signed a free trade agreement. The analysis found that improving transport connectivity between the two countries could increase exports even further, yielding a 297 per cent increase in Bangladesh's exports to India and a 172 percent increase in India's exports to Bangladesh.

"Geographically, Bangladesh's location makes it a strategic gateway to India, Nepal, Bhutan, and other East Asian countries. Bangladesh can also become an economic powerhouse by improving regional trade, transit and logistics networks," said Mercy Tembon, World Bank Country Director for Bangladesh and Bhutan.

"While trade between India and Bangladesh has increased substantially over the last decade, it is estimated to be $10 billion below its current potential. The World Bank is supporting the Government of Bangladesh to strengthen regional and trade transit through various investments in regional road and waterways corridors, priority land ports, and digital and automated systems for trade."

Weak transport integration makes the border between Bangladesh and India thick. Crossing the India–Bangladesh border at Petrapole–Benapole, the most important border post between the two countries, takes several days. In contrast, the time to cross borders handling similar volumes of traffic in other regions of the world, including East Africa, is less than six hours, the report highlights.

"The eastern sub-region is poised to become an economic growth pole for South Asia. An important component of this development potential is for countries to invest in connectivity – rail, inland waterways, and roads," said Junaid Ahmad, World Bank Country Director in India.

At present, Indian trucks are not allowed to transit through Bangladesh. As a result, the northeast of India is particularly isolated from the rest of the country and connected only through the 27-km-wide Siliguri corridor, also called the "chicken's neck". This leads to long and costly routes. Goods from Agartala, for example, travel 1,600 kilometres through the Siliguri corridor to reach Kolkata Port instead of crossing 450 kilometres through Bangladesh.

If the border were open to Indian trucks, goods from Agartala would have to travel just 200 kilometres to the Chattogram Port in Bangladesh, and the transport costs to the port would be 80 per cent lower, the report estimates.

According to the report, all districts in Bangladesh would benefit from integration, with the eastern districts enjoying larger gains in real income. States bordering Bangladesh such as Assam, Meghalaya, Mizoram, and Tripura in the northeast, and West Bengal on the west, and states further away from Bangladesh such as Uttar Pradesh and Maharashtra would also gain huge economic benefits from seamless connectivity.

However, unleashing the full potential of integration in the region requires strengthening the agreement signed in 2015. Countries need to address a number of challenges such as infrastructure deficits, particularly in designated border posts, harmonization of regulations and customs procedures, the report said.

The report recommends key policy actions countries should take to strengthen the MVA. These include: Harmonizing driver's licensing and visa regimes; Establishing an efficient regional transit regime; ationalizing and digitizing trade and transport documents & Liberalizing the selection of trade routes

The report also makes the following policy recommendations to improve regional connectivity:

Standardize infrastructure design; Expand the effective capacity of core transport and logistics infrastructure along regional corridors; Ensure competition in transport service markets; Deploy modern information technology infrastructure at land ports and seaports & Develop off-border custom clearance facilities in Bangladesh and India.

FTA can raise exports to India by 182pc: WB

A free trade agreement (FTA) could increase Bangladesh's exports to India by 182 per cent and by 126 per cent the other way round, according to World Bank report. Improving transport connectivity could take it even further, by 297 per cent and 172 per cent respectively, it said. The border could be made irrelevant from a trade perspective by removing the barriers, it stated.

The international financial institution's Dhaka and India offices on 9 March jointly released the report titled, "Connecting to Thrive: Challenges and Opportunities of Transport Integration in eastern South Asia". The report pointed out that high tariffs, para-tariffs and nontariff barriers were the major hurdles between the neighbours. The duo's average tariff was more than twice the world average, it said.

Complicated and non-transparent nontariff measures, which are policy measures other than tariffs that affect the free flow of goods and services across borders, add to the high trade costs. As a result, bilateral trade currently accounts for only about 10 per cent of Bangladesh's trade and a mere 1 per cent of India's trade.

Meanwhile in East Asian and Sub-Saharan African economies, intraregional trade accounts for 50 per cent and 22 per cent of total trade respectively, the report added. It is about 15-20 per cent less expensive for an Indian company to trade with a company in Brazil or Germany than with a company in Bangladesh, the report pointed out.

Economic activity in Bangladesh is concentrated in Dhaka and Chattogram while bordering and poorly connected districts lag behind. Night time light intensity per capita across the country highlights the concentration of economic activity around the capital.

Traditionally, the districts between the western border with India and Jamuna river have lagged behind the eastern part of the country, largely because of their limited connectivity and hence, limited market access. Poverty in southwest Bangladesh is higher than in most eastern districts, the WB report said.

Western districts are far away from the capital and the main seaport in Chattogram because of the Jamuna river, which is crossable via only a single bridge. These western districts' access to Indian markets is very limited because of the thick border with India, even though they are only a short distance from Kolkata.

All districts in Bangladesh would benefit from integration, with the eastern districts enjoying larger gains in real income. Bangladeshi districts would see reductions in prices of goods and inputs from India and receive higher prices for their exports, becoming more competitive, the report said.

The eastern districts would benefit the most because of their comparative advantage, which would lead the southeastern workers to migrate to the north and east, raising real wages by as much as 37 per cent. On connecting local markets, the report said that regional trade and transport initiatives typically linked major centres and trade gateways.

The initiatives are often designed around corridors that offer superior infrastructure, harmonised policies and procedures to facilitate trade and transport and supportive institutional mechanisms to coordinate among the many stakeholders. Corridors are high-capacity systems that are most efficient when they facilitate the unimpeded movement of large volumes of traffic.

In order to benefit the communities and centres in regions through which the corridors pass, it is important to create on and off ramps for rural communities and intermediate centres to access each corridor. As doing so could compromise the efficiency of a corridor, there is a need for careful design of local access solutions.

The report also stressed on the need for taking several measures to improve women's participation in export-oriented agricultural value chains. These measures need to be grounded in the realities of women's lives and the fact that gender norms change slowly. The most effective strategies are ones that are applied to value chain products and processes in nodes in which women are already participating.

Removing blockages to adding value at these nodes and increasing women's control of income over benefits can have direct impacts on returns to female value chain participants and be used to incrementally facilitate behaviour and norm changes.

In designing these strategies, care should be exercised to ensure that there are no unintended consequences for women in terms of increased violence against them, the World Bank said in its report.

Source : The Dailky Star

WB provided $250m to support Bangladeshi workers' wages, micro-entrepreneurs

The World Bank on 26 March US$250 million financing for Bangladesh aimed at recovery from the Covid-19 pandemic. A WB news release issued from Washington said this financing would help Bangladesh create more, better, and inclusive jobs and effectively respond to the Covid-19 pandemic for a faster recovery and stronger resilience to future crises.

The amount is the last in a series of three credits under the Third Programmatic Jobs Development Policy Credit, according to the release. It is designed to support the government of Bangladesh to develop a stronger policy 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. 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," said WB Country Director Mercy Tembon.

"This financing will help Bangladesh create more and better jobs and expand support for both formal and informal workers affected by Covid-19 crisis." This financing, the news release said, would 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 is also expected to support informal micro-entrepreneurs in recovering from the shock by extending micro-finance facilities. Overall, it will support government programmes to protect over five million jobs as part of the government's near-term response to the crisis, while laying the groundwork to accelerate recovery and build resilience, added the release.

This programme, according to the WB, will help streamline business and investment services, reducing the cost of starting a business. Further, it supports reforms to align the skills development sector with labour-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 Task Team Leader for the project Aline Coudouel.

"This series of programs promoted quality daycare for children in a bid to bring more women to the job market and supported actions to create a more inclusive labor market, for women, youth, and migrants." With this programme, the total World Bank's financing to the Programmatic Jobs Development Policy Credit series stands at $750 million.

World Bank approved $200m for urban youths, returnee migrants

The World Bank has approved $200 million to help Bangladesh provide support and services to the low-income urban youths affected by the Covid-19 pandemic and the involuntary returnee migrants to improve earning opportunities and resiliency.

The Recovery and Advancement of Informal Sector Employment (RAISE) project will help about 175,000 poor urban youth and low-income micro-entrepreneurs enhance employability and productivity by helping them access services such as life-skills training, apprenticeship programs, counselling, microfinance, and self-employment support.

To help about 200,000 eligible migrants who had been forced to return since January 2020 either sustainably reintegrate into the domestic labour market or prepare for re-migration, the project will provide cash grants, counselling, and referrals to relevant services based on their needs and aspirations, according to the World Bank.

"International migration and urban informal sector have played a central role in Bangladesh's remarkable success in reducing poverty over the years. However, both sectors were hit hard by the Covid 19 pandemic," said Mercy Tembon, World Bank Country Director for Bangladesh and Bhutan. "The project will support both groups of workers to overcome structural barriers to employability and facilitate resilient post-pandemic growth."

For the low-income urban youth and micro-entrepreneurs whose livelihoods have been impacted by Covid-19, the project will support an economic inclusion programme that will be tailored to fit the individual needs of eligible beneficiaries. The range of services offered include life-skills and socio-emotional counselling; on-the-job learning through apprenticeship programs; business management training; and microfinance for self-employment and informal micro-enterprises, added the press release.

Through a comprehensive programme, the project will also help low-income migrants, many of whom have returned with high debt burdens, by providing counselling to help determine immediate needs and aspirations; socio-emotional counselling to support their reintegration into the community; referrals to technical, vocational or business management training to upgrade their skills and enhance their ability for self-employment, and cash grants.

To provide these services, the project will set up 32 district welfare centres. It will also support upgrade and integration of information systems that will streamline social protection service delivery for aspiring, current, and returning migrants.

"While the project will focus on the immediate needs of migrants who have returned due to Covid-19 impacts, through the systems development and capacity building, it will also benefit outgoing and voluntarily returning migrants, their families and communities, over the longer term," said Syud Amer Ahmed, World Bank Senior Economist and Team Leader for the project.

"It will also focus on the needs of female returnees, including psychosocial counselling and referrals to gender-based violence related services, as well as ensuring specific outreach activities to support their economic reintegration."

The credit is from the World Bank's International Development Association (IDA), which provides concessional financing, has a 30-year term, including a five-year grace period. Bangladesh currently has the largest ongoing IDA programme totalling over $13.5 billion. The World Bank was among the first development partners to support Bangladesh and has committed more than $33.5 billion in grants, interest-free and concessional credits to the country since its Independence.

Bangladesh's RMG sector is a frontrunner in transparency : McKinsey & Company

The transformation of Bangladesh's RMG sector over the past decade was catalyzed, in part, by a series of workplace tragedies that took the lives of more than 1,000 garment workers and made headlines around the world. The 2012 Tazreen factory fire and the 2013 Rana Plaza factory collapse highlighted massive problems in working conditions, led some international buyers to stop sourcing from Bangladesh, and prompted the United States to withdraw its preferential tariff agreement.

McKinsey & Company

Today, Bangladesh's RMG sector is a frontrunner in transparency regarding factory safety and value-chain responsibility. Several initiatives has launched in the aftermath of the disasters—including the Accord on Fire and Building Safety in Bangladesh, the Alliance for Bangladesh Worker Safety, and the RMG Sustainability Council. These measures led to the closure of hundreds of unsafe, bottom-tier factories and the scaling-up of remediation activities in many others.

These steps helped restore Bangladesh's attractiveness in the global apparel-sourcing market, leading to a decade of rapid growth. Ten years ago we forecasted a growth of 7 to 9 percent. Indeed RMG exports from Bangladesh more than doubled, from $14.6 billion in 2011 to $33.1 billion in 2019—a compound annual growth rate of 7 percent. (It is worth noting that this growth was within the range we forecast in our 2011 report, a collaboration with the Bangladesh German Chamber of Commerce and Industry.) Over this period, Bangladesh's RMG industry increased its share of global garment exports from 4.7 to 6.7 percent. This is within the range we forecasted in our report, however it also shows that the country has not captured the full potential we had foreseen ten years ago.

There were signs of a slowdown, with the second half of 2019 showing negative growth compared to 2018. Then COVID-19 struck: in 2020, global lockdowns triggered order reductions, cancellations, payment delays, and renegotiation of terms. As the pandemic threatened the lives and livelihoods of Bangladeshi workers, many smaller, less well-funded factories closed their doors, and competition for smaller orders increased. The value of Bangladesh's RMG exports fell by 17 percent in the first year of the pandemic, representing revenue losses of up to $5.6 billion.

McKinsey & Company's regular surveys of chief procurement officers (CPOs) in the fashion industry indicate that Bangladesh's attractiveness as an apparel-sourcing destination remains potent—yet the country has faced increasing competition in recent years, which could compound the challenges of the pandemic. Although McKinsey's 2019 CPO survey pointed to Bangladesh as the top global sourcing hotspot, Vietnam was close behind, and was the preferred sourcing country among US executives. Although comparable data for global exports in 2020 has not yet been published by the World Trade Organization, data from European and US imports indicate that Vietnam likely overtook Bangladesh in 2020—pushing Bangladesh's RMG industry out of its position as the second-largest garment-exporting country in the world after China.

While Bangladesh's RMG sector remains a strong exporter to Europe's fashion industry, and has grown its market share significantly over the past decade, this trend may not continue: the new preferential trade agreement between the European Union (EU) and Vietnam, launched in August 2020, could well lead to apparel exports from Vietnam outperforming Bangladesh's. Among US apparel importers, Vietnam has outpaced Bangladesh's RMG industry for some time; in 2020, Vietnamese apparel imports into the US were worth 2.5 times those from Bangladesh. As buyers from the US move sourcing out of China, Vietnam is proving to be the biggest winner.

New apparel business models being followed to beat virus

The country's ready-made garment (RMG) industry has gradually been adopting new business models or innovative plans to address the challenges surfaced due to the Covid-19 pandemic, according to a study report. To ensure sustainability in the post-pandemic business recovery, six per cent of 47 garment factories surveyed under the study adopted new business models.

The report - 'A Pathway to Manage Private Sector Impact on Bangladesh National Priority Indicators (NPIs) and Sustainable Development Goals (SDGs)' - also showed that the RMG industry not only contributed to economic development, but was also directly engaged in achieving nine SDGs.

The Bangladesh Garment Manufacturers and Exporters Association (BGMEA), the United Nations Development Programme (UNDP) and the Global Reporting Initiative (GRI) jointly conducted the study on 47 garment factories and launched the findings through a virtual programme on 28 March.

Zuena Aziz, principal coordinator - Sustainable Development Goals (SDG) Affairs at the Prime Minister's Office (PMO), was virtually present as the chief guest, while BGMEA President Dr Rubana Huq chaired the event. Sudipto Mukerjee, Resident Representative - UNDP Bangladesh, also spoke on the occasion.

The 47 surveyed RMG factories were awarded in the event for their contributions to achieving the country's NPIs and SDGs. These factories created employment for some 44,064 workers in the last fiscal year (FY), 2019-20, and exported goods worth a total of US$1.6 billion during the last fiscal, according to the report.

It illustrated the actions that the RMG businesses took to make progress towards meeting the SDGs, the challenges the sector was still facing, and what it would take to overcome the said challenges and make a bigger impact on achieving the NPIs and SDGs.

The report showed how the RMG sector was not only contributing to the country's macro-economic performance, but also to achieving NPIs and SDGs by creating employment, supporting healthcare of its workforce, making investments in up-skilling the workforce, adopting resource recycling, and increasingly using renewable energy.

About 13 per cent of the surveyed RMG factories furloughed workers because of the financial losses that they incurred due to the Covid-19 pandemic, according to the report. Some 24 per cent of the factories reported that they had Covid-affected workers, and the workers returned to work within an average of 25 days upon submission of coronavirus negative test reports.

According to findings, all the participating factories had an environment management system, and 42 per cent of these had set measurable goals to reduce energy, waste and resource consumption by 2.0 to 15 per cent in the next three years. Some 15 per cent of the surveyed factories used recycled water in production process or in sanitation facilities, and 24 per cent of the factories practiced rainwater harvesting and used the water for gardening, car washing or sanitation.

Regarding the SDG-8 on decent work and economic growth, it revealed that despite recent challenges, employee turnover reduced progressively by almost a quarter in the past three fiscal years - from 1,702 across 47 factories in FY 2017-18 to 1,308 in FY 2019-20. Some 41 per cent of the factories collaborated with buyers on cleaner production and supply chain efficiency towards meeting the SDG on responsible consumption and production, the report added.

Bangladesh's textile industry hit hard by pandemic : BGMEA

Bangladesh's garment manufacturers and workers are suffering as the coronavirus pandemic has soured long-term demand and big fashion brands continue to cancel orders. Global demand for clothing plummeted amid the COVID pandemic and big fashion brands remain reluctant to place big orders, posing a major problem for Bangladesh's vital textile industry.

In 2020, textile exports from the South Asian nation dropped by nearly 17%. Shipments to Europe, which is the destination for 60% of Bangladesh's garment exports, recorded a significant decline of just under 19%. Apparel exports also declined by 5.83% year-over-year in January. There hasn't been any uptick in demand and exports so far this year, according to Bangladesh Garment Manufacturers and Exporters Association (BGMEA).

"Based on current scenarios and the global trade or economic outlook, retail sales trends in the West, and the slowdown in order situation by our customers, it appears that exports may continue suffering till the third quarter of this year." Bangladesh is hugely dependent on the export of textiles for its national income as the industry accounts for more than 80% of overall exports.

About 4 million workers are employed by the garment industry, most of them female seamstresses who often support several family members and live from paycheck to paycheck.

Pandemic wipes out 3.57 lakh apparel jobs: CPD- MiB study

KEY FINDINGS

- As many as **232** factories were shut -- **180** of them are BGMEA members
- Some **50**% factories had less workers in Sep 2020 than in Dec 2019
- Most factories did not follow lay-off or termination rules
- Only **3.6**% factories complied with compensation standards
- About **70**% factories paid only salary
- About **58.7**% factories recruited new workers
- Factories now seeing a shortage of workers as orders are coming back

The coronavirus pandemic wiped out 3.57 lakh jobs in the garment industry in Bangladesh in 2020 as factories went for layoffs and closures because of the collapse in demand, according to a new study. More than 50 per cent factories had fewer workers in September in 2020 compared to what they had in December 2019, said Khondaker Golam Moazzem, research director of the Centre for Policy Dialogue (CPD), during a virtual dialogue on 23 January.

The impact caused by the crisis has been so devastating that only 44 per cent factories said they were certain about the work orders for the six months from November 2020 to April 2021. Some 56 per cent of factories face different levels of uncertainty and 11 per cent indicated high uncertainty, according to the survey of the CPD and the Mapped in Bangladesh (MiB), a project of Brac University.

The outcome of the study was presented during the dialogue on "Vulnerability, Resilience and Recovery in the RMG Sector in view of Covid-19 Pandemic: Findings from the Enterprise Survey".

Out of 3,211 l enterprises listed with the MiB, 610 were surveyed on a sample basis. Of them, 54 per cent are small in size, 40 per cent medium and 6.7 per cent large. The primary survey was conducted between October and November in four major industrial clusters, namely

Dhaka, Gazipur, Narayanganj and Chattogram. Some 357,450 workers out of 2,562,383 workers covered lost jobs from January to September, about 14 per cent of the total. The number of workers that were laid off was 2.2 per cent.

"It was informally agreed that the factories that received the stimulus package would not retrench workers," CPD Research Director said. Majority of the factories did not follow the layoff and termination rule. Only 3.6 per cent complied with the compensation principle, meaning they paid salary and compensation and cleared dues the CPD said. About 70 per cent of the factories paid the salaries only. "Non-compliance is much higher in the factories located in Narayanganj and large factories," the think-tank said.

Factories have recruited workers during the pandemic to keep operations running, 58.7 per cent of factories recruited new workers. The capacity utilisation of the factories improved with the rise in the orders: In April, 89 per cent of factories had zero capacity utilisation, which came to down 1.3 per cent in September.

Due to the pandemic, the size of factories has scaled down. The average number of workers in a factory in December 2019 was 886, and it came down to 790 in September 2020, a fall of 10.8 per cent. Speaking at the virtual dialogue, Rehman Sobhan, chairman of the CPD, said under the current business model, most of the burden was borne by the supplying countries, and the buyers were risk-free.

There is a lack of information on how a $2 shirt is sold at $20 by international retailers and brands, he said, suggesting research firms conduct studies on this particular issue. He suggested introducing a general comprehensive insurance programme in the garment sector. The government, buyers, donor agencies and workers should participate in the programme.

Mohammad Abdul Momen, director of the Bangladesh Garment Manufacturers and Exporters Association (BGMEA), said the moment the garment sector was trying to recover from the fallouts of the Covid-19, the second wave hit. During the first wave, 99.99 per cent of retail outlets were shut. It is 25 per cent during the second wave, he said. The prices of raw materials like yarn and cotton have gone up, but the prices of garment items did not increase. Rather, it decreased by nearly 15 per cent, the entrepreneur said.

Mohammad Hatem, first vice-president of the Bangladesh Knitwear Manufacturers and Exporters Association (BKMEA), said local suppliers faced discounts between 25 per cent and 50 per cent from buyers, not only just the cut in prices. He said 80 per cent of factories were running at losses and they had kept their business up and running just to survive.

"Ten per cent of factories are running at break-even and 10 per cent large units are making some profit." Of the more than 850 members of the BKMEA, 420 availed loans from the stimulus package. Some 99 did not receive the loan although they had applied.

The CPD study said it was alleged that factories that recruited new workers had mostly hired their retrenched workers but at a downgraded level. This means they were offered lower grades, lower pay and were hired on a contractual basis. Though workers got the job, they lost entitled benefits due to discontinuation of their jobs, it said.

The think-tank said the subsidised credit provided under the stimulus package and the gradual rise of production orders helped factories to address the crisis. The package covered the demand of 70 per cent of the enterprises. However, about 30 per cent of the enterprises were left out of the package. They include small and non-member factories. Any future package for the sector needs to be customised considering the priorities to small scale enterprises and non-member enterprises, the CPD said.

Kutub Uddin Ahmed, former secretary-general of IndustriALL Bangladesh Council, said the income of garment workers declined by 8 per cent during the pandemic. He said the fund given by the European Union and Germany for the retrenched workers could not be disbursed because of faulty lists supplied by the BGMEA and the BKMEA.

Syed Hasibuddin Hussain, project manager of MiB, moderated the meeting.

Source : The Daily Star

37 apparel makers investing $650m in Bangabandhu Shilpa Nagar

Some 37 local textile and garment manufacturers have started investing in Bangabandhu Sheikh Mujib Shilpa Nagar (BSMSN) to establish high-end apparel factories. Together they plan to invest $650 million. However, the investors expect to begin constructing their factories from next year (2022), opting for a go-slow policy amid the ongoing coronavirus pandemic as fresh lockdowns at major export destinations caused a significant fall in demand.

So some of the manufacturers decided to not go for construction in the current year. A few have already availed industrial plots at the park, which was built on reclaimed land in the Bay of Bengal, signing a 50-year lease.

The factories would produce fabrics, formal shirts, t-shirts, trousers, yarn, sweaters, polo shirts, manmade fibres, blazers and sportswear.

Bangladesh Economic Zones Authority (Beza) has been developing the allocated plots by providing them with access to gas, power, water, sewage lines and other utilities. Beza has also been enhancing connectivity building roads both in and around the zone.

Beza Executive Chairman Paban Chowdhury said development activities on Beza's part have already been completed and now other government agencies were completing their parts to prepare the plots. The government has been developing the country's largest industrial park, the BSMSN, on 30,000 acres of land, of which more than 80 per cent was reclaimed from the Bay of Bengal at Chattogram.

Some 37 garment entrepreneurs have received their industrial plots so far as they have already paid 50 per cent or 100 per cent of the price, Chowdhury said. Many of them can start constructing their industrial units as Beza has already developed the plots providing connections to power and gas.

IFAD pledges $18.07m for pandemic-hit microenterprises, smallholders

The International Fund for Agricultural Development (IFAD), a specialised agency of the United Nations, will provide Bangladesh with an additional loan of $18.07 million to rebuild microenterprises and support smallholders, who have been adversely affected by the Covid-19 pandemic.

IFAD
INTERNATIONAL FUND FOR AGRICULTURAL DEVELOPMENT

The international financial institution and the UN's food and agriculture hub based in Rome is dedicated to eradicating poverty and hunger in rural areas of developing countries. The additional financing will scale up activities under the ongoing Promoting Agricultural Commercialisation and Enterprises (PACE) project, which is being implemented by the development organisation the Palli Karma-Sahayak Foundation (PKSF).

The funding will complement the government and PKSF's efforts to assist microenterprises and smallholders and recover the severely affected rural economy from Covid-19 induced losses. This additional loan will finance activities from January 2021 to December 2022 to help restore microenterprises in the farm and non-farm sectors, as well as, scale up and strengthen successful value chains under the PACE project.

The PACE project—jointly financed by IFAD, the government and PKSF—was launched in 2015 with the aim of improving profitable business opportunities for microentrepreneurs nationwide and create employment for the extreme and moderate poor people. To date, the PACE project has directly benefitted about 321,000 microentrepreneurs and other actors engaged in value chains in select farm and non-farm sectors through 74 value chain and 25 technology transfer sub-projects.

It providing them with microcredit support, technical assistance, and technological promotion, and facilitating market access, according to a statement. With the additional loan, the total value of the PACE project now amounts to $129.81 million, with IFAD financing of $58.07million and over the next two years, the project will directly benefit another 168,000 beneficiaries, including 48,000 microentrepreneurs and 120,000 value chain actors.

In order to respond to the growing demand of shifting to e-commerce to promote contactless transaction, with the additional financing PKSF will work with existing e-commerce businesses to facilitate the development of a microenterprise friendly platform covering the entire supply chain. The platform will eventually be interactive and offer advisory services to farmers, including pandemic management, according to the statement.

The additional resources will be invested in three broad agri-business subsectors: horticulture; fisheries and aquaculture; and poultry and livestock including processed products, and cover 40 districts in Barishal, Chattogram, Dhaka, Khulna, Rajshahi, Rangpur, and Sylhet divisions.

Source : The Daily Star

$21m USAID project to boost agriculture mechanization

The USAID has started implementation of a $21.4 million project with the aim to support the mechanisation of agriculture and enable 243,000 farmers to adopt new mechanisation technology. The five-year project, which is scheduled to end in September 2024, looks to train manufacturers to develop and adopt new technology of agri-machinery, marketers and machinery service providers (MSPs) and facilitate the MSPs to get access to finance to buy farm machinery.

Some 2,000 light-engineering workers will be trained, said Timothy David Russel, consultant adviser of the Cereal Systems Initiatives for South Asia Mechanisation Extension Activity (CSISA-MEA) project, at a virtual media discussion on 10 February. The USAID is funding the project implemented by International Maize and Wheat Improvement Centre (CIMMYT) in partnership with International Development Enterprises (iDE) and the Georgia Institute of Technology.

The scheme has been taken at a time when machines plough 98 per cent of the country's farm land. The USAID said Bangladesh is one of the most mechanised countries in Asia when it comes to land preparation. "By contrast, the planting and harvesting of the 11 million hectares of rice grown every year in Bangladesh is still largely carried out by hand. At present, all crops grown in Bangladesh are largely planted, weeded and harvested by hand," according to a fact sheet of the project.

It said increasing labour costs and shortages of labour make crops such as rice increasingly expensive and vulnerable to delayed planting and harvesting. Under the project, the agricultural machinery manufacturers will be supported to improve their capacity to manufacture competitively priced and high quality machines and spare parts.

The CSISA-MEA aims to support machinery marketing companies to expand their sales and machinery-owner support functions into areas currently poorly serviced by agricultural machinery services, including the Rohingya crisis-impacted communities of the Cox's Bazar region.

It expects the interventions will result in $5 million farm machinery sales and attract $3 million worth of financing by the financial services sector for all in the agri-machinery value chain, including light engineering companies, marketers and MSPs.

Source : The Daily Star

Samuda Food to invest Tk 66,000 million in Bangabandhu Shilpa Nagar

Samuda Food Products Limited, a concern of TK Group, has started constructing its factory in Bangabandhu Sheikh Mujib Shilpa Nagar, in Mirsarai, Chattogram. Bangladesh Economic Zone Authority (BEZA) Executive Chairman Paban Chowdhury, on 29 January laid the foundation stone of the three-unit industrial structure. Senior officials of TK Group of Industries and Samuda Food Products Limited were present on the occasion.

Once completed, the industry is expected to create employment opportunities for around 2,000 people, according to BEZA. According to the investment proposal of the Samuda Food, "The company will set up various types of chemical industries, consumer goods and food processing plants by investing $205.28 million or Tk17,404.1 million on 60 acres of land allotted by BEZA."

Three units of the factory – an edible refinery, caustic soda unit and seed crushing unit – will be set up in the industrial park. The edible refinery part will have various consumer products; while raw salt, brine clarifier and chlorine will be produced in the caustic soda unit. Crude soybean oil, soybean cake and refined edible oil will be prepared in the seed crushing unit.

Speaking on the occasion, Paban Chowdhury said BEZA is not only facilitating setting up industries, but it is also working with various training organisations to build up sector-based necessary skilled manpower for this huge industrial city. He said the infrastructure of Shilpa Nagar is already visible and all other facilities needed for community-based housing will soon be constructed through the World Bank's PRIDE Project.

Under the same project, work is underway to build a modern urban system by setting up training centers; CETP, ETP and STP wastewater treatment plants; a desalination plant; and a Response Center to build a green economic zone in the face of climate change, he added.

Samuda Food Managing Director Md Mostafa Haider said it plans to set up six factories, four of which will be operational soon. Previously, Modern Syntex Limited, another concern of TK Group, leased 20 acres of land in the industrial city and began setting up factories there. Once it is established, the project, estimated at Tk1,260 crore, will create more than 1,000 jobs. It is expected to produce 500 tonnes of polyester filament yarn, Polyester Staple Fiber and PET chips daily.

Bangladesh moves up 4 notches in EIU Democracy Index

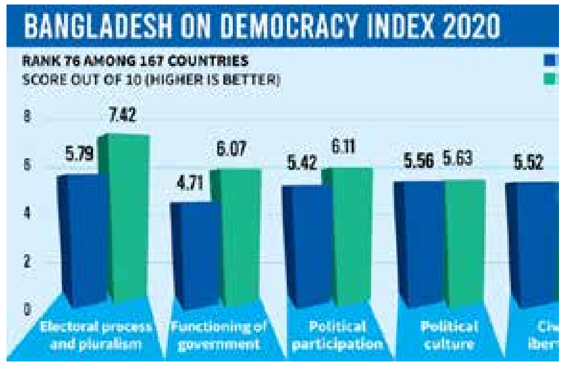
Bangladesh has maintained its advancement in the ranking of the global democratic indicator as the country has moved up four notches on the latest Democracy Index 2020 of the Economist Intelligence Unit (EIU). Bangladesh has been ranked 76th with an overall score 5.99 on scale of 10.

The country secured 7.42 scores in electoral process and pluralism category, 6.07 in functioning of government, 6.11 in political participation, 5.63 in political culture and 4.71 in civil liberties, according to the report prepared by the research and analysis division of The Economist Group. In the EIU Democracy Indices 2019 and 2018, Bangladesh ranked 80th and 88th respectively.

In 2020 a large majority of countries, 116 of a total of 167 recorded a decline in their total score compared with 2019. Only 38 countries recorded an improvement and the other 13 stagnated, with their scores remaining unchanged compared with 2019. In the 2020 Democracy Index, 75 of the 167 countries and territories covered by the model, or 44.9 percent of the total, are considered to be democracies. The number of "full democracies" increased to 23 in 2020, up from 22 in 2019.

The number of "flawed democracies" fell by two, to 52. Of the remaining 92 countries in our index, 57 are "authoritarian regimes", up from 54 in 2019, and 35 are classified as "hybrid regimes", down from 37 in 2019.

In 2020 its strength was further tested by the outbreak of the coronavirus (Covid-19) pandemic. The average global score in the 2020 Democracy Index fell from 5.44 in 2019 to 5.37. This is by far the worst global score since the index was first produced in 2006. The 2020 result represents a significant deterioration and came about largely-but not solely-because of government-imposed restrictions on individual freedoms and civil liberties that occurred across the globe in response to the coronavirus pandemic.



The Economist Intelligence Unit's Democracy Index provides a snapshot of the state of democracy worldwide in 165 independent states and two territories. This covers almost the entire population of the world and the vast majority of the world's states. The Democracy Index is based on five categories: electoral process and pluralism, the functioning of government, political participation, political culture, and civil liberties.

Based on its scores on a range of indicators within these categories, each country is then itself classified as one of four types of regime: "full democracy", "flawed democracy", "hybrid regime" or "authoritarian regime".

Bangladesh needs to pay $460m to join New Development Bank

Bangladesh will have to pay about $460 million in subscription fee to become a member of the New Development Bank (NDB) or BRICS Bank, a new international lender looking to mobilise resources for infrastructure and sustainable development projects. Of the sum, $92 million shall be contributed to the bank's paid-up capital payable in seven annual instalments.

It came as the High Commission of India said India was interested in helping Bangladesh become a member of the NDB. In December, Indian Prime Minister Narendra Modi invited Bangladesh to join the NDB. On February 2, Dhaka expressed its interest to join the NDB at a virtual meeting with NDB President Marcos Troyjo. At the meeting, the NDB president promised to consider Bangladesh's proposal.

In August, the High Commission of India requested Bangladesh to discuss in details for the membership of the NDB. The NDB plans to include 16 new members. Among the prospective members, Bangladesh is a priority.

The lender began its official journey on July 21, 2015, with an initial capital of $50 billion. The total capital of the bank is $100 billion. Established by the BRICS states (Brazil, Russia, India, China and South Africa), the NDB is headquartered in Shanghai, China.

The purpose of the bank is to mobilise resources for infrastructure and sustainable development projects in BRICS and other emerging economies and developing countries to complement the existing efforts of multilateral and regional financial institutions for global growth and development.

NDB management is undertaking the first round of membership expansion. The membership is open to all UN members. The rationale for membership expansion of the

NDB is to increase capital base, improve credit rating, and make it a truly global development financial institution. The management has shortlisted 20 targeted countries for consideration for membership.

Current members of the new bank are Brazil, Russia, India, China and South Africa. Each of the current members is scheduled to nominate two countries into the bank, according to the Economic Times newspaper of India. So far, the bank has approved more than 50 projects involving over $15 billion within BRICS countries.

Apart from the founding members, each emerging developing country's shareholding at the NDB will be determined by its economic size relative to the combined size of all emerging market and developing countries. In the case of Bangladesh, its initial voting power is likely to be higher than at the World Bank and close to the voting power at the Asian Development Bank (ADB) and the Asian Infrastructure Investment Bank (AIIB), it said.

The expected financial commitment from new members would be relatively small in relation to direct lending and procurement benefits. Based on current authorised capital, each 1 per cent of shareholding at the NDB would correspond to $1 billion of capital, of which $200 million shall be contributed to the paid-up capital.

Countries may join as borrowing or non-borrowing members. Bangladesh is a member of multilateral agencies and lenders such as the World Bank, the International Monetary Fund, the ADB, the Islamic Development Bank, and the AIIB.

Source : The Daily Star

SMEs need credit the most
Banks tell BB survey identifying 13 severely affected sectors

Bangladesh Bank has identified 13 sectors of the economy that have been severely affected by the first wave of the coronavirus pandemic, including travel and tourism, readymade garments, textile and small and medium enterprises. They were identified in a central bank survey involving the country's 59 banks.

The survey was carried out as part of a central bank study titled "Economic and Financial Stability Implications of Covid-19: Bangladesh Bank and Government's Policy Response". The central bank made the study public on 29 March. The rest of the affected sectors are real estate and construction, education, transport and IT, trade and commerce, consumer credit, agriculture, ship-breaking and building, agro-based industries, healthcare, and power and gas.

The first five have been affected "most severely" as per the participating banks, the study said. As much as 51 banks thought that travel and tourism were "dreadfully affected". Forty-seven banks identified the garment and textile sector, 45 banks identified SMEs, 32 banks identified real estate and construction, and 28 banks identified education as the dreadfully affected.

The survey was carried out in the second half of last year, taking into consideration sectors that needed the most credit support. As per the responses, the SME sector has the highest credit demand in the near future, followed by the RMG and textile, trade and commerce, agro-based industries and agriculture.

Some 54 banks thought that the need for loans of the SME sector outweighed the requirement of other sectors. "The recovery in the SME sector might be slow, but steady growth may be achieved in due course if proper financial support is ensured," the study said.

The RMG and textile sector was the second highest credit-deserving sector as per 53 banks. The sector faced export orders cancellations and lower demand owing to uncertainty and continuation of the pandemic's spread in advanced economies. Some 42 respondents perceived that the trade and commerce sector had the potential to grow fast and would require more credit to bring its growth momentum back on track.

The central bank has not considered the consequences of a second wave of the pandemic as it had just started to spread earlier this month, according to Bangladesh Bank official. The first wave has considerably affected both the demand and supply sides of the real economy, which was partly reflected in slow growth of the GDP in the last fiscal year.

Though the agricultural sector showed some resilience despite the pandemic and other natural calamities, the real economy has experienced major slowdowns in the manufacturing and service sectors. The manufacturing sector has been affected not only due to the demand-side shocks but also through the import channel as the pandemic has restricted the import of necessary raw materials for production from the major import partners.

The central bank has suggested that the authority concerned exercise some policy options to restore the accelerated growth trajectory of the economy from the ongoing economic slowdown. The government may float a special bond to mark the 100th birth anniversary of Bangabandhu Sheikh Mujibur Rahman, naming it "Bangabandhu Centenary Bond (BCB)", to materialise his long-term vision.

To make Bangladesh a prosperous and developed nation, this bond's fund can be used for Bangladesh's transition towards a developed economy by 2041. Funds from the special purpose bond may assist in financing the country's structural changes for generating mass-scale employment, socioeconomic advancement and empowerment, advancement in digitalisation, and upcoming mega projects, if required.

Besides, funds of this bond may be useful for reviving the economy from the Covid-19 shock, the study said. The BCB can be a 30-year development bond. It might be issued both in local and foreign currency to attract local and global investors. Tax exemption, inflation linkage, quarterly coupon, small denominations and put options can be the special features of this bond.

The government can also consider issuing a special social safety bond under the name Covid-19 Pro-Poor Bond (PPB) to address short-term socio-economic setbacks due to the pandemic. The proceeds of the bond could be used for the people who have lost their jobs and whose livelihoods have been severely affected during the pandemic, in order to pull them out of the poverty line by ensuring job security.

This bond can particularly fund projects to tackle unemployment emanating from the pandemic, according to the study. In particular, the government could announce some public work projects for the jobless informal sector workers for a limited time as a number of countries have already taken such initiatives.

The PPB can be tax-exempted and can contain put options and other facilities (small denominations and monthly coupon) to attract investors. The maturity of the bond could be five to 10 years. Commoners, including non-resident Bangladeshis, banks, NBFIs and other financial institutions, might be eligible to invest in the bond.

Worldwide, many social bonds are increasingly getting popular, and the PPB in Bangladesh might be a promising one.In addition, banks and NBFIs should continue to pay dividends cautiously, just as they did last year as per the central bank's instruction. "The financial sector's post-Covid-19 resilience is yet to be understood. Globally, it is assumed that the post Covid-19 period would be challenging for financial institutions due to gradual withdrawal of regulatory relaxation," the study said.

To strike a balance between a healthy capital market and a sound banking sector, the dividend pay-out policy needs to be revisited and rationalised. This initiative may enhance the banking sector's capacity to absorb any unexpected losses. The government can also think of bringing the SMEs under a relaxed tax policy. Healthy growth of the SME sector is vital from an employment perspective, the study said.

The central bank official said a fresh study should be carried out as the second wave of coronavirus infections has already hit the country. "This will help assess the actual loss of the financial sector. And a set of proposals will be required to fight the probable economic slowdown that would be brought on by the second wave,".

Export dev fund being raised to $5.5b

Bangladesh Bank has decided to increase the size of its export development fund (EDF) as it

reaches out to businesses tackling slowdowns from a recent resurgence in daily Covid-19 cases, the highest since last July. The fund will come to stand at $5.5 billion upon the addition of $500 million, according to central bank official.

The fund last saw a raise in April 2020 from $3.50 billion soon after the coronavirus was first detected in the country. The increase is expected to help exports rebound, given the fund had been depleted recently amidst immense demand for loans from the fund. In addition, the central bank is allowing "Type-B" companies of export processing zones (EPZs) to avail foreign currency loans from the fund since last week.

Firms with 100 per cent foreign ownership are considered "Type-A". Joint venture companies with foreign and Bangladeshi ownerships are treated "Type-B" and those with 100 per cent Bangladeshi ownerships "Type-C". Several years ago, the central bank allowed "Type-C" companies to enjoy loans from the fund.

The EPZ decision fuelled demand for the fund, said the BB official. "This is a time-befitting decision beyond a doubt as it will make the whole economy vibrant," said Kutubuddin Ahmed, chairman and founder of Envoy Group, a conglomerate focusing on readymade garments and textile manufacturing. The economy faces setbacks from time to time due to different causes but taking proper measures in tackling the situations is important, he said. If the country's export sector suffers from a problem, it will have a spill over effect on the whole economy, Ahmed added.

Exporters use the fund to settle import bills on time to secure raw materials smoothly. Loans from the fund had to be paid back within three months from the date of disbursement but the central bank recently increased the repayment tenure to six months. The extension is due to stay in effect until June this year. The central bank earlier also brought down the interest rate on the loans.

Banks now receive the fund from the central bank at 0.75 per cent interest rate and will be allowed to charge borrowers a maximum 1.75 per cent. The previous rate was 2 per cent. The revolving fund was introduced in 1989 by way of taking support from World Bank. The central bank, however, injected money 2-3 years later. The whole fund now comes from the central bank's foreign exchange reserves.

The swelling of foreign exchange reserves to more than $43 billion at present also influenced the central bank's recent decisions.

Source : The Daily Star

JV apparel exporters in EPZ to get EDF loans

The Bangladesh Bank on 22 March allowed joint venture apparel exporting companies operating in the country's export processing zones to take loans from the BB's export development fund. The central bank issued a circular in this regard on the day, saying that EDF loans would be admissible against back-to-back import letters of credit for input procurements by EPZs' type 'B' industries (joint-venture companies) producing readymade garments for export.

Earlier, such loans were only allowed for the local entrepreneurs operating in the EPZs for input procurements under the back-to-back arrangements. The BB has extended the facility to the type 'B' industries to help the entities offset the financial crisis induced by the outbreak of COVID-19.

At present, the BB grants funds from its EDF at the rate of 1.75 per cent interest. The interest rate on loans under the EDF continued till March 31, 2021. In April, 2021 the central bank also enhanced the EDF size to $5 billion from $3.5 billion with a view supporting the exporters following the outbreak of coronavirus.

Agrani Bank sole supplier of forex for Padma bridge
State lender providing $2.4b out of the total project cost of $3.56b

State lenders in Bangladesh are sometimes in the news for all the wrong reasons. But they also carry the weight of the fast-expanding economy. Agrani Bank Ltd is one such example. The bank is the sole supplier of foreign currencies to the Padma bridge project and made payments of $1.2 billion to international contractors and consultancy firms as of December last year.

It came up with the greenbacks from its own earnings over the last seven years. It did not have to buy any foreign currency from the reserve of the Bangladesh Bank to finance one of the largest infrastructure projects in the country, according to Agrani Bank officials. The bank will pay a further $700 million in foreign currency by this June. The rest of the payments will gradually be made until June 2022. The government pays back Agrani in local currency for the dollars.

After several deadline extensions and cost escalations, the Padma bridge project, which the government looks to complete by June 2022, requires $2.4 billion in foreign currency. The total cost for the 6.15km bridge is Tk 30,193 crore, or $3.56 billion. Of this, $2.4 billion needs to be paid in foreign currency and the rest in the local currency, according to the Bridges Division, the implementing authority of the project.

The Padma bridge project is being implemented with the country's own funds after the World Bank and other international lenders cancelled financing in 2011 over allegations of corruption, which the government denied. Allegations against government and project officials were later dismissed by the Anti-Corruption Commission of Bangladesh and a Dhaka court. A Canadian court also found no proof of graft conspiracy involving the project.

The forex reserve of the country stood at $42.98 billion on March 10, up 33 per cent from $32.42 billion year-on-year, BB data showed. Buoyed by rising foreign exchange reserves and export earnings, the government in 2012 decided to go ahead with the project with its own resources. Then came the question of making payments to the international contractors and consultancy firms in foreign currency.

During a meeting on February 3, 2014, on the management of the foreign currency, the Bridges Division decided that Agrani Bank, with which the division had already opened an account, would provide the money from its own foreign currency reserve or from the inter-bank forex market. If there was still any shortfall, the BB would sell foreign currency to Agrani Bank, it was agreed in the meeting.

Starting with $6.26 million in 2013, Agrani Bank has so far paid out $1.2 billion. Last year, it contributed $126 million, according to the bank's data. The total money for the project comes from the government's own funds. To build the bridge, the government makes allocations in the Annual Development Programme. Both local and foreign payments are being made through Agrani Bank, said Shafiqul Islam, director of the Padma Multipurpose Bridge Project.

Govt to pair up with CNNIC to showcase Bangladesh

The government has announced to pair up with US-based CNN International Commercial to showcase Bangladesh's achievements on the global arena. The CNNIC gave a proposal to the government for this purpose on February 22, following the recommendation of United Nations Committee for Development Policy that stated Bangladesh's graduation to a developing country from a least developed one.

CNNIC proposed signing a deal, "Understanding on CNN International Commercial Partnership Opportunity to Brand Bangladesh Globally for the Ministry of Commerce, Bangladesh", to the country's government. The CNNIC delivers custom made solutions with access to a global audience across TV, digital and social platforms for brands and publishers aiming to grow their businesses. It manages the business operations of properties of popular TV channel CNN outside the US.

Four days after receiving the CNNIC proposal, the commerce ministry wrote to the Prime Minister, seeking approval for signing the deal. The letter reads that the CNNIC made the proposal to the government for branding Bangladesh, saying it wants to project the country's achievements in business and commerce before the global audience.

Bangladesh is on its way to achieve the sustainable development goals by 2030, and become an upper middle-income country by 2031 and a high income country by 2041, the letter added. The letter, however, pointed out experts' opinion that Bangladesh may lose USD 7 billion in export earning a year once it officially graduates to a developing country from a least developed one in 2026 due to withdrawal of duty and quota-free market access to the developed countries. Also, the agriculture sector could face challenges due to climate change.

Against this backdrop, Bangladesh's capacity and efficiency in commerce and business, and its quality of product and services should be projected before the global community, the letter mentioned.

The government is eyeing to showcase the potentials of the country's fast-growing commerce and industry globally through broadcast of promo audio-visuals on CNN in March. This will help expand businesses on the international market, increase investments, and achieve long-term visions of the country.

Bangladesh Foreign Trade Institute under the commerce ministry will coordinate the initiative and financing for it will be arranged from the private sector.

Pran starts first food export to India thru' waterway

Pran-RFL Group is going to begin exporting food products to India using waterway for the first time on 15 March. The cargo ship will kick-start its journey from the Pran Industrial Park for India on the occasion of the golden jubilee of Bangladesh's independence. It will take eight days for the ship containing 25,000 cartons of Pran litchi drink to cross a 710km river route via Narsingdi, Narayanganj and the Sheikhbaria point in Khulna and finally reach the Kolkata port.

The first export of food items to the neighbouring country under the Protocol on Inland Water Transit and Trade between Bangladesh and India will reduce the export cost by 30% of what is required by road, according to Pran.

In 1997, Pran Group initiated its by-road export to India by sending Chanachur to Tripura. Pran is currently exporting more than 150 products to 28 Indian states such as Assam, West Bengal, Uttar Pradesh, Bihar, Tripura, Gujarat, Punjab, Tamil Nadu, and Kerala. Pran's exporters include fruit drinks, chips, snacks, biscuits, candy, sauces, ketchup, noodles, jelly and spices. Pran exports their goods to India through Bhomra, Burimari, Sutarkandi, Akhaura, Dauki land ports, and Chattogram seaport.

According to Pran, the group has exported goods amounting to $224 million to India in the last three years. There is a huge demand for

Bangladeshi processed food in West Bengal and the Seven Sisters states of India. Keeping that in mind, Pran is constantly trying to supply products that meet the needs of the people in the neighbouring country. It is also trying to overcome some problems between the two countries and increase the volume of exports.

According to Pran's data, the company's exports to India are growing by 10% on average every year. Besides, India accounts for about 30% of its total food exports.

As of March this fiscal year, over 22.23 lakh tonnes of goods were transported in 2,591 trips by Bangladeshi ships through the protocol route. At the same time, 88,566 tonnes of goods were sent in 59 trips by Indian ships.

Steel exports jump 83pc

Bangladesh's steel export, mainly semi-finished casting products, leaped 82.91 per cent year-on-year during the July-January period of the ongoing fiscal, interestingly coinciding with the ongoing pandemic-induced economic slowdown. Of the export, $10 million worth of goods went to China.

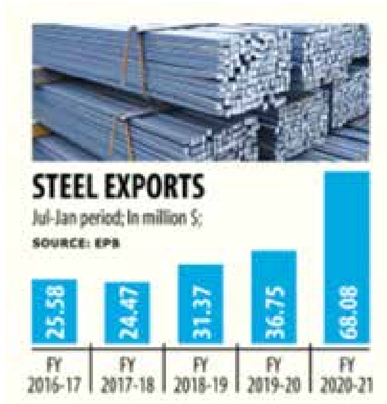
Bangladesh's steel mills primarily import scrap metal to produce the intermediate casting products which need further processing to be turned into finished goods. The industry deals with ferrous waste and scrap, re-melted ingots and products made from such metal of all shapes and sizes such as angles, rods, plates and pipes. The export destinations are mainly the United Arab Emirates, India, Malaysia, Japan, Thailand, Pakistan and Myanmar.

"The export increased due to a leading steel maker exporting around 45,000 tonnes of billet during the pandemic which showed a big jump in steel export," said Manwar Hossain, president of Bangladesh Steel Mills Owners Association. The leading steel makers tried to bring in cash instead of making a profit by selling at less than the production cost as the situation was not favourable during that time, he said. According to him, such strategies in steel export are good for building images but not commercially viable.

Tapan Sengupta, deputy managing director of Bangladesh Steel Re-Rolling Mills, said Bangladesh's steel mills export by-products which they themselves cannot make use of including air pollution control dust and parts of scrapped ships such as propellers. He said the ferrous waste and scrap were exported to India, China, Taiwan etc.

As for finished products, he said Bangladesh had attained quality of international standard but not export volumes as per expectations. Though some were exported to north east India, the amount is very insignificant, he said. Shahriar Jahan Rahat, deputy managing director of Kabir Steel Re-Rolling Mills Group, said there was no scope of exporting finished steel as the millers were capable of only catering to local demand. He said the sector was dependent on importing the raw materials.

Rahat said Bangladesh's annual consumption had risen by 15 per



cent to 20 per cent between 2017 and 2019 whereas earlier it was increasing by some 10 per cent. He believes the demand would persist for a long time in Bangladesh. Rod consumption reached about 6 million tonnes in 2019 while the sector has an installed annual production capacity of about 110 million tonnes.

There are about 40 active manufacturers with a combined capacity to produce nine million tonnes of steel a year. Of them, Abul Khair Steel, GPH Steel, BSRM and KSRM meet more than half of the annual demand of eight million tonnes.

Source : The Daily star

Bangladesh sets ship export target at $4b

The government has decided an export target of US$ 4 billion for the country's shipbuilding industry by 2025. In order to help the sector to reach the target, the cabinet approved the country's 'Ship Construction Industry Development Policy 2020.' Bangladesh makes around 1 billion US dollars through exporting ships.

Under the policy, benefits and loans can be accessed by shipbuilders. This will also help create more employment opportunities and reduce the country's import dependence. In order to implement the policy, there are plans to reduce taxes and VAT as well as provide long-term loans to public and private shipbuilders.

"Many exporting countries, including Germany and Italy, have moved away from the shipbuilding industry, creating a good opportunity for Bangladesh. Bangladesh started exporting modern ships to other countries in 2008, and since then, it has earned around $180 million by exporting 40 ships to several countries in Europe, Africa and Asia.

Alibaba buys Bangladesh food delivery service HungryNaki

Alibaba Group Holding has reached a deal under which it will buy a leading Bangladeshi online meal delivery service in one of its first international forays in the fast-growing sector. Alibaba took full control of Ele.me, China's second-largest food delivery service, in 2018.

The platform, which has expanded to encompass services including manicures and housecleaning, generated 24.29 billion yuan ($3.75 billion) in revenue for Alibaba in the nine months to Dec. 31. Ele.me and other Alibaba "local services" units counted 290 million customers and 850,000 drivers, according to a company presentation last September.

HungryNaki, Alibaba's new Bangladeshi affiliate, is much smaller. Founded in 2013, it claims to have more than 500,000 regular customers ordering from 4,000 restaurants in five cities. The company has 500 drivers and 100 staff. "This is the first acquisition of a Bangladeshi startup," Chief Executive A.D. Ahmad told Nikkei Asia. "It is a matter of pride. We have concluded the deal and it may take a month to finalize the acquisition process."

Under the deal announced on 4 March, Alibaba is acquiring 100% of HungryNaki from its local owners via Daraz Group, the Pakistan-based e-commerce platform it acquired in 2018. Daraz plans to extend HungryNaki's network to around 100 cities, with investments in infrastructure, technology and human resources, officials said. No price has been disclosed.

Daraz has been Alibaba's main operating vehicle in Bangladesh, Pakistan, Myanmar, Sri Lanka and Nepal. Alibaba has invested more heavily in India, but over the past year has seen some of its apps banned and further investments restrained due to the border conflict between China and India.

Ant Group, Alibaba's financial services subsidiary, bought a 20% stake in bKash, a Bangladeshi peer, in 2018. Ant has also invested in Indian food delivery app Zomato. Bangladesh's food delivery market has attracted international interest before. Berlin-based Foodpanda launched in the country soon after HungryNaki. More recently, Singapore-based Golden Gate Ventures led a $15 million round for rival delivery service Shohoz.

With as many as nine delivery apps competing over around 100,000 orders a day, many of the services have been bleeding cash. Uber Eats closed its local operations last year. A HungryNaki investor told Nikkei he would be taking a large loss on the capital he had put into the company with the sale to Alibaba. "This is not a success case for local entrepreneurs, rather a failure case for startups," he said.

Maliha Quadir, founder and managing director of Shohoz, told Nikkei she remains bullish about food delivery's prospects in the country, given rising incomes and employment rates for women, but worries about the entry of foreign operators.

Eon Group launched first automated Dairy farm

Eon Group has launched the first-ever automated pasteurised milk factory at Badarganj in Rangpur. All the processes from milking to pasteurisation, homogenisation and the packing of the product will be done without any hand touch. Besides milk, other dairy products like ghee, yoghurt and ice cream will also be produced.

Eon Hi-Tech Dairy Farm inaugurated the pasteurisation programme under the brand name 'Bakara' on 9 January. Fisheries and Livestock Minister SM Rezaul Karim was present at the inaugural event. The entire activities including feeding the cows on the farm are done through an automatic system.

Apart from milking, harmful antibiotics and aflatoxins are separated from the milk at the farm's processing unit. The milk will be available in the market in 500ml and 1,000ml packs. Fat and fat-free milk of two different flavours produced at the farm will also be available in the market. Momin-ud-Daulah, managing director of Eon Group, said everything from milking the cows to packaging the milk is being done through automation.

In addition, IoT sensors have been installed on the farm to monitor the health, feeding, medication and breeding of each cow. Earlier at the end of 2019, this dairy farm was built on 50 acres of land in Santoshpur village of Badarganj in Rangpur district. In the year, the group imported 225 Holstein Friesian cows from Australia by air. The cows are now being reared on this farm. 198 new babies were born.

At present, the farm produces 2,000 litres of milk daily. It will soon increase to 10,000 litres, it will be marketed through other companies under their group. Group Managing Director Momin said the country's annual milk production has increased 10 times in the last few years, but it still spends around Tk4,000 crore every year on the import of milk, especially powdered milk. He said a huge employment will be created through the expansion of the farm, besides meeting the local demand for milk and milk products.

Eon Animal Health, which kicked off on a small-scale in the year of 2000, is now a large group organisation. Currently, the group has now about two and a half thousand employees working for its 20 sister concerns. In addition to fish, grain and cattle farms, Eon Group has animal health and poultry feed business. The group has been producing grains or seeds since 2006. It also has a poultry processing company called Eon Food.

Beximco opens $100m PPE plant in Savar

Beximco on 10 February opened its $100-million PPE Park in Savar where the company will produce personal protective equipment (PPE). The Park will serve both domestic and international markets and is aimed at increasing the diversity of the supply of PPE. The PPE park converts granules to melt-blown as well as laminated fabrics in different weights.

The fabric is later used to manufacture isolation and surgical gowns disposable sterile and non-sterile, reusable isolation gowns, N95 cup type and foldable type masks, surgical masks, disposable scrubs, woven and knitted shoe covers and head covers, reusable scrubs with water repellent treatment.

The 25-acre park is an advanced fully vertical PPE manufacturing facility. The construction and certification of the site took six months from groundbreaking to certification and full production. Beximco Group, through its new Beximco Health division, has agreements to supply PPE, including masks and protective gowns, to major US healthcare service providers.

Intertek and Beximco have developed the PPE Centre of Excellence at Beximco Health in the PPE Industrial Park in Dhaka. The Centre of Excellence PPE lab has a covered area of 12,000 square feet with major sections of physical testing (respiratory analysis), chemical testing and micro-biological testing, ensuring that it meets the regulatory and quality assurance requirements of PPE manufacturers across Bangladesh.

Last year, at the height of the first wave of the pandemic, Beximco pivoted from producing garments to protective equipment within a matter of weeks, learning the specialized fabrication techniques, setting up production lines, and producing 6.5 million gowns for distribution in the United States through the US Federal Emergency Management Agency.

According to the most recent estimates, Bangladesh annually ships $6.7 billion in goods to America, nearly twice as much as it did a decade earlier. However, the value of US products exported to Bangladesh has grown fourfold in the same period.

On teaming up with Beximco, André Lacroix, CEO of Intertek, said: "As a purpose-led company, Intertek's mission is to make the world a better and safer place by bringing quality, safety and sustainability to life." "That is why we are extending our partnership with Beximco by establishing a new state-of-the-art Centre of Excellence to ensure its vital PPE products are able to meet the highest risk-based quality assurance standards," he said.

The Covid-19 pandemic has seen global demand for PPE rise significantly, along with the need for end-to-end testing and certification solutions for protective clothing and other PPE equipment. "With Beximco becoming a key player in the manufacture of PPE globally, I am confident the next stage in our partnership will help make the world an ever-safer, ever-better place in these challenging times."

Source : The Daily Star

Walton plans fresh $640m investment

Walton Hi-Tech Industries Ltd is going to make a fresh investment of $640 million, equivalent to Tk 5,440 crore, to expand facilities to produce and increase export of electrical and electronic goods. The company has already submitted its plan to the Bangladesh Economic Zones Authority (Beza), seeking 300 acres of land at the Bangabandhu Sheikh Mujib Shilpa Nagar in Chattogram.

Under the investment, the company intends to set up a second unit of Walton Hi-Tech Industries.

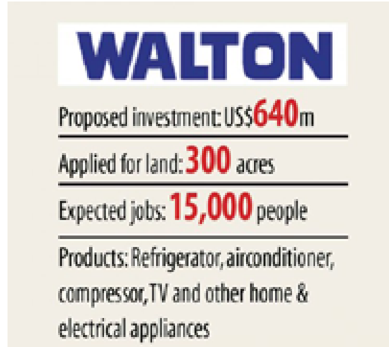
The investment will be made over a period of eight years and would be comprised, in equal parts, of retained earnings and long-term bank loans. The group plans to borrow from domestic and foreign banks.

After the approval of Walton would sit to plan out the number of products to be manufactured and make an announcement at the stock exchange. Among them will be home appliances such as refrigerator, freezer, air-conditioner, compressor and television alongside cables and automobile components.

Now Walton has an over 20,000-strong workforce in 22 production bases on 680 acres of factory area at Chandra, Gazipur. Its yearly production capacity is 10 million units. When it comes to professional manufacturing of electrical and electronic goods, Walton has truly turned into a giant, gaining a reputation on providing competitive prices and ensuring a presence in more than 20 countries.

Walton set up its first manufacturing plant in 2008, and in 2016, it started manufacturing one vital component of refrigerators, compressors. The proposal said all manufacturing machinery would be imported from countries, including Japan, China, Italy, Korea, Belgium, Turkey, Austria, Germany and the US.

Its forecast domestic and export sales revenue in the seventh year following investment is around Tk 5,690 crore. With a paid-up capital of Tk 300 crore, Walton is already in the process of raising Tk 100 crore from the stock market this year through an initial public offering. According to its annual report, its annual turnover in FY 2019-20 was Tk 4,100 crore. It was Tk 5,180 crore in the previous



fiscal year. Its earnings per share were Tk 21.34 in the July-December period in 2020, up from Tk 20.34 in the same period of 2019.

Beza Executive Chairman Paban Chowdhury appreciated the initiative, citing it would diversify the country's exports, which Walton had already contributed to, and that Bangladesh needed to promote such steps. Walton's need for land will be examined, and the Beza will try to accommodate them at the industrial city despite a scarcity of land there at the moment, he said.

Souece : The Daily Star

Qatar Petroleum to supply 1.25m tonnes of LNG to Bangladesh

Qatar Petroleum has signed a long-term agreement with Vitol, under which it would supply 1.25 million tonnes of liquefied natural gas annually to Vitol customers in Bangladesh. Under the agreement, LNG deliveries will start later this year.

Qatar's Energy Minister and CEO of Qatar Petroleum Saad bin Sherida Al Kaabi welcomed the agreement. "We are pleased to sign this SPA (Sale and Purchase Agreement) with Vitol, and we look forward to commencing deliveries under the SPA to further contribute to meeting Bangladesh's energy requirements.

"This SPA also highlights our strong ability to meet the requirements of our partners and customers. We are proud to continue to be the supplier of choice for our customers and partners around the globe," Al Kaabi added.

Vitol is a Dutch energy and logistics giant, which has grown into the world's largest independent oil trader, with annual revenues comparable to Apple. In 2019, the company handled more than 8 million barrels of crude oil and petroleum products a day, according to Bloomberg. To meet global demand for cleaner energy sources, Vitol has been beefing up its natural gas and electricity trading.

Bangladesh, with a population of 163 million, is expected to become a major LNG importer in Asia, along with Pakistan and India, as domestic gas supplies fall. The country currently has two floating storage and regasification units (FSRUs) with a total regasification capacity of 28 million cubic metres (1 billion cubic feet) per day – equal to about 7.5 million tonnes a year.

Bangladesh imported 3.89 million tonnes of LNG in 2019 – through two long-term contracts with Oman Trading International and Qatargas.

Regional News

Global Economy to Expand by 4% in 2021: World Bank
Vaccine Deployment and Investment Key to Sustaining the Recovery

The global economy is expected to expand 4% in 2021, assuming an initial COVID-19 vaccine rollout becomes widespread throughout the year. A recovery, however, will likely be subdued, unless policy makers move decisively to tame the pandemic and implement investment-enhancing reforms, the World Bank said in its January 2021 Global Economic Prospects.

Although the global economy is growing again after a 4.3% contraction in 2020, the pandemic has caused a heavy toll of deaths and illness, plunged millions into poverty, and may depress economic activity and incomes for a prolonged period. Top near-term policy priorities are controlling the spread of COVID-19 and ensuring rapid and widespread vaccine deployment. To support economic recovery, authorities also need to facilitate a re-investment cycle aimed at sustainable growth that is less dependent on government debt.

"While the global economy appears to have entered a subdued recovery, policymakers face formidable challenges—in public health, debt management, budget policies, central banking and structural reforms—as they try to ensure that this still fragile global recovery gains traction and sets a foundation for robust growth," said World Bank Group President David Malpass. "To overcome the impacts of the pandemic and counter the investment headwind, there needs to be a major push to improve business environments, increase labor and product market flexibility, and strengthen transparency and governance."

The collapse in global economic activity in 2020 is estimated to have been slightly less severe than previously projected, mainly due to shallower contractions in advanced economies and a more robust recovery in China. In contrast, disruptions to activity in the majority of other emerging market and developing economies were more acute than expected.

The near-term outlook remains highly uncertain, and different growth outcomes are still possible, as a section of the report details. A downside scenario in which infections continue to rise and the rollout of a vaccine is delayed could limit the global expansion to 1.6% in 2021. Meanwhile, in an upside scenario with successful pandemic control and a faster vaccination process, global growth could accelerate to nearly 5 percent.

In advanced economies, a nascent rebound stalled in the third quarter following a resurgence of infections, pointing to a slow and challenging recovery. U.S. GDP is forecast to expand 3.5% in 2021, after an estimated 3.6% contraction in 2020. In the euro area, output is anticipated to grow 3.6% this year, following a 7.4% decline in 2020. Activity in Japan, which shrank by 5.3% in the year just ended, is forecast to grow by 2.5% in 2021.

Aggregate GDP in emerging market and developing economies, including China, is expected to grow 5% in 2021, after a contraction of 2.6% in 2020. China's economy is expected to expand by 7.9% this year following 2% growth last year. Excluding China, emerging market and developing economies are forecast to expand 3.4% in 2021 after a contraction of 5% in 2020. Among low-income economies, activity is projected to increase 3.3% in 2021, after a contraction of 0.9% in 2020.

Analytical sections of the latest Global Economic Prospects report examine how the pandemic has amplified risks around debt accumulation; how it could hold back growth over the long term absent concerted reform efforts; and what risks are associated with the use of asset purchase programs as a monetary policy tool in emerging market and developing economies.

As severe crises did in the past, the pandemic is expected to leave long lasting adverse effects on global activity. It is likely to worsen the slowdown in global growth projected over the next decade due to underinvestment, underemployment, and labor force declines in many advanced economies. If history is any guide, the global economy is heading for a decade of growth disappointments unless policy makers put in place comprehensive reforms to improve the fundamental drivers of equitable and sustainable economic growth.

Policymakers need to continue to sustain the recovery, gradually shifting from income support to growth-enhancing policies. In the longer run, in emerging market and developing economies, policies to improve health and education services, digital infrastructure, climate resilience, and business and governance practices will help mitigate the economic damage caused by the pandemic, reduce poverty and advance shared prosperity. In the context of weak fiscal positions and elevated debt, institutional reforms to spur organic growth are particularly important. In the past, the growth dividends from reform efforts were recognized by investors in upgrades to their long-term growth expectations and increased investment flows.

Central banks in some emerging market and developing economies have employed asset purchase programs in response to pandemic-induced financial market pressures, in many cases for the first time. When targeted to market failures, these programs appear to have helped stabilize financial markets during the initial stages of the crisis. However, in economies where asset purchases continue to expand and are perceived to finance fiscal deficits, these programs may erode central bank operational independence, risk currency weakness that de-anchors inflation expectations, and increase worries about debt sustainability.

G7 backs 'sizeable' IMF aid for Covid-hit poor nations

British finance minister Rishi Sunak said the G7's support for IMF aid to poor nations hit by Covid was a "significant milestone". G7 finance ministers have agreed to support "sizeable" IMF aid for the poorest nations hit by the Covid pandemic, Britain said on 19 March, vowing that no country would be left behind.

British finance minister Rishi Sunak's upbeat declaration came after hosting an online gathering with counterparts from Canada, France, Germany, Italy, Japan and the United States. "G7 finance ministers agreed to support a new and sizeable International Monetary Fund (IMF) special drawing rights (SDR) allocation, helping vulnerable countries get through the current crisis", said a statement from the Treasury.

"This significant milestone lays the groundwork for a potential agreement at the G20 and International Monetary and Financial Committee meetings in April." "Today's milestone agreement among the G7 paves the way for crucial and concerted action to support the world's low-income countries, ensuring that no country is left behind in the global economic recovery from coronavirus," noted Sunak, who chaired the meeting.

SDRs, created by the International Monetary Fund in 1969, play an influential role in global finance and help governments protect their financial reserves against global currency fluctuations. It is also used as the basis of loans from the IMF's crucial crisis-lending facilities. While not a true currency itself -- there are no SDR coins or banknotes -- the IMF uses it to calculate its loans to needy countries, and to set the interest rates on those loans.

Net-zero emissions targets adopted by one-fifth of world's largest companies

One in five of the world's 2,000 largest publicly listed companies have now committed to a “net-zero” emissions target to help tackle climate change, researchers said on 20 March. The companies, representing nearly $14 trillion in sales, have promised to cut their planet-heating emissions to net zero by mid-century - meaning they will produce no more emissions than they can offset through measures such as planting trees.

The report by the UK-based Energy and Climate Intelligence Unit (ECIU) and Oxford Net Zero, said it was the first systematic global analysis of corporate and government commitments to reach “net zero” emissions. The sector with the highest level of net-zero targets was household and personal products, where over two-thirds of the biggest companies by sales have such goals. The report also found that countries representing 61% of global emissions have announced net-zero targets.

The United Nations is encouraging the spread of net-zero commitments to give the world a chance of limiting warming to 1.5 degrees Celsius, in line with the Paris Agreement, to avoid the worst impacts of climate change. Richard Black, the report's lead author and senior associate at the ECIU, told the Thomson Reuters Foundation investors and consumers are piling pressure on companies to cut their emissions. But the research revealed many net-zero targets are yet to be backed up by transparent and robust steps needed to reach net zero, he added.

There are growing concerns that businesses could be announcing climate action but not following up with concrete changes - a practice known as “greenwashing”. “We've had a massive number of entities setting targets over the last few years, but of course a target on its own isn't going to reduce emissions,” Black said.

The report found that only 20% of targets by governments and companies meet the basic criteria for credible net-zero plans set out by the U.N.-backed “Race to Zero” campaign. They include defining interim measures and targets, starting to take action immediately and publishing progress reports. Report co-author Thomas Hale, from the Blavatnik School of Government at the University of Oxford, warned that companies and countries cannot simply rely on buying carbon offsets to reach net zero. "The most important priority is immediate emissions reductions," he said in a statement.

World lost equivalent of 255m jobs in 2020: UN

The coronavirus pandemic took a huge toll on global jobs last year, the United Nations said on 25 January, with the equivalent of more than a quarter of a billion lost, reports AFP. In a fresh study, the UN's International Labour Organization (ILO) found that a full 8.8 percent of global working hours were lost in 2020, compared to the fourth quarter of 2019.

That is equivalent to 255 million full-time jobs, or "approximately four times greater than the number lost during the 2009 global financial crisis," the ILO said in a statement. "This has been the most severe crisis for the world of work since the Great Depression of the 1930s," ILO chief Guy Ryder told reporters in a virtual briefing.

Since surfacing in China just over a year ago, the virus has killed more than 2.1 million people, infected tens of millions of others and hammered the global economy. The UN labour agency explained that around half of the lost working hours were calculated from reduced working hours for those remaining in employment. But the world also saw "unprecedented levels of employment loss" last year, it said.

Official global unemployment shot up by 1.1 percent, or 33 million more people, to a total of 220 million and a worldwide jobless rate of 6.5 percent last year. Ryder stressed that another 81 million people did not register as unemployed but "simply dropped out of the labour market". "Either they are unable to work perhaps because of pandemic restrictions or social obligations or they have given up looking for work," he said. "And so their talents, their skills, their energy have been lost, lost to their families, lost to our society, lost to us all."

The lost working hours last year shrank global labour income by a full 8.3 percent, the ILO said. That amounts to a drop of some $3.7 trillion, or 4.4 percent of overall global gross domestic product (GDP), it added. The emergence of several safe and effective vaccines against Covid-19 has raised hopes that the world will soon be able to rein in the pandemic. But the ILO cautioned that the prospects for a global labour market recovery this year are "slow, uneven and uncertain."

The organisation pointed to the uneven impact the crisis had on the world's workers, affecting women and younger workers far more than others. Globally, employment losses for women last year stood at five percent, compared with 3.9 percent for men. Women are more likely to work in the harder-hit sectors of the economy, and also have taken on more of the burden of, for instance, caring for children forced to stay home from school.

Younger workers were also far more likely to lose jobs, with employment loss among 15-24-year-olds at 8.7 percent globally, compared with 3.7 percent for older workers. Many young people also put off trying to enter the labour market given the complicated conditions last year, the ILO found, warning that there was truly an "all too real risk of a lost generation". The report also highlighted the uneven impact on different sectors, with accommodation and food services the worst affected, showing a drop in employment of more than 20 percent.

By contrast, employment swelled in the information and communication fields, as well as in finance and insurance. Looking forward, the ILO called on countries to provide particular support to the hardest-hit groups and sectors, and also to sectors likely to be able to generate numerous jobs quickly. It stressed the need for more support to poorer countries with fewer resources to promote employment recovery.

The report sketched out three recovery scenarios for 2021, depending on support measures provided at the national and international level. The pessimistic scenario saw an additional 4.6-percent drop in working hours, and even the most optimistic scenario anticipated that working hours would contract by a further 1.3 percent this year, corresponding to 36 million full time jobs.

World migration down 30% due to pandemic: UN

The coronavirus pandemic has slowed global migration by nearly 30 percent, with around two million fewer people than predicted migrating between 2019 and 2020, according to a UN report released on 15 January. Some 281 million people were living outside their country of origin in 2020.

The report, entitled "International Migration 2020," showed that two-thirds of registered migrants lived in just 20 countries, with the United States at the top of the list, with 51 million international migrants in 2020. Next came Germany with 16 million, Saudi Arabia with 13 million, Russia with 12 million and Britain with 9 million. India topped the list of countries with the largest diasporas in 2020, with 18 million Indians living outside their country of birth. Other countries with a large transnational community include Mexico and Russia, each with 11 million, China with 10 million and Syria with eight million. In 2020, the largest number of international migrants resided in Europe, with a total of 87 million.

UK applying to join Asia-Pacific free trade pact CPTPP

The UK will apply to join a free trade area with 11 Asia and Pacific nations on Monday, a year after it officially left the EU. Joining the group of "fast-growing nations" will boost UK exports, the government said.

The Comprehensive and Progressive Agreement for Trans-Pacific Partnership - or CPTPP - covers a market of around 500 million people. But they are harder to reach than neighbouring markets in Europe. Members include Australia, Canada, Japan and New Zealand.

Brunei, Chile, Malaysia, Mexico, Peru, Singapore and Vietnam are also founder members of the bloc, which was established in 2018.

The immediate impact is likely to be modest as the UK already has free trade deals in place with several CPTPP members, some of which were rolled over from its EU membership. The UK is negotiating deals with Australia and New Zealand. In total, CPTPP nations accounted for 8.4% of UK exports in 2019, roughly the same proportion as Germany alone.

The US was originally in talks to be part of the CPTPP, but former President Donald Trump pulled out when he took office. If the new administration in Washington reconsider the CPTPP, that would make membership much more attractive to the UK. It could allow a much closer UK-US trading relationship, without waiting for a bilateral trade deal to be negotiated.

Dhaka, Delhi exploring cross-border R-LNG pipeline, terminal projects

India on 10 March said it is considering a proposal with Bangladesh for supplying Refined-Liquefied Natural Gas (R-LNG) through a cross-border pipeline and also exploring the establishment of an LNG terminal.

"We are working assiduously to promote the sub-region comprising Bhutan, Bangladesh, Nepal, Myanmar and India as an energy hub," Indian Foreign Secretary Harsh Vardhan Shringla said while Inauguration of the South Asia Group on Energy (SAGE) at the Research and Information System for Developing Countries in New Delhi. "Being the largest producer and consumer of energy in the region, it is natural for us to be the epicentre for any energy initiative in the region. We have to make energy affordable, accessible and clean," Shringla added.

The Indian Foreign Secretary said energy connectivity is one of the most dynamic sectors of cooperation in our relationship with Bangladesh. "Our cooperation in hydrocarbons' sector is diversifying into the entire value chain of the oil and gas sector." The bilateral hydrocarbon trade was $337.3 million in 2019-20 ($322.32 million from April-November 2020), he said. India is constructing the India-Bangladesh Friendship Pipeline from Siliguri to Parbatipur in Bangladesh for the supply of high-speed diesel and Indian companies have invested nearly $24.26 million in two shallow-water blocks in Bangladesh.

Shringla said Prime Ministers of India and Bangladesh jointly inaugurated the project to import Bulk LPG from Bangladesh in October 2019 aiming to increases bilateral trade and ensures a sustained and affordable supply of LPG to the North-Eastern region of India, which is supplied from Chattogram by Bangladesh trucks to Tripura.

He said Indian Oil Corporation Limited (IOCL) is currently undertaking several activities in Bangladesh in coordination with Bangladesh Petroleum Corporation (BPC) and Bangladesh Oil, Gas & Mineral Corporation (Petrobangla). A Joint Venture has been formed between IOCL and Beximco in June 2020 to further expand its downstream business in Bangladesh and other countries. In this regard, Shringla said a proposal for supplying R-LNG through cross-border pipeline and establishment of an LNG terminal is also being explored.

With Bangladesh, he said India is currently supplying 1160 MW of electricity through the two existing interconnections and the two countries are in discussion regarding the construction of a 765kV power interconnection through Katihar in India via Parbatipur in Bangladesh to Bornagar in India, which when constructed, will reinforce interconnection of grids in the region.

The Indian Foreign Secretary said India is also assisting Bangladesh in the construction of transmission lines as well as power evacuation facilities from the upcoming Rooppur Nuclear Plant in Bangladesh.

"We are constructing the 1320 MW Maitree Super Thermal Power Project at Rampal in Bangladesh, with Unit 1 to be commissioned in November 2021 and Unit 2 in March 2022.": Separately, he said Adani Power Ltd signed an MoU with Bangladesh Power Development Board in November 2017 for the supply of power to Bangladesh from a 1600 MW coal-based plant which is being constructed in Godda, Jharkhand. L&T has commissioned 225 MW at Sikalbaha (near Chittagong), and the 360 MW project at Bheramara (Kushtia District, Khulna Division), reiterating the growth and potential of this area.

"To translate our vision of enhanced energy cooperation in the region, the most optimal solution is an integrated regional grid," he said and pointed out the challenges like inadequate transmission infrastructure, unnecessary duplication, lack of guarantee of power availability and offtake, insufficient coordination among national authorities, technical differences and regulatory mismatch.

Pointing to a wide variation in energy resource endowments and energy demand in the region, he said while India and Bangladesh account for the major natural gas and coal resources, Bhutan and Nepal have large hydropower resources. Sri Lanka has great potential for solar and wind power production.

"All the countries have vast renewable energy potential. By harnessing complementarities in electricity demand, load curves and resource endowments, a mutually beneficial model of co-operation in South Asia could be developed," Shringla said.

S'pore builds floating solar farms in climate fight

Thousands of panels glinting in the sun stretch into the sea off Singapore, part of the land-scarce city-state's push to build floating solar farms to cut greenhouse gas emissions. It may be one of the world's smallest countries, but the prosperous financial hub is among the biggest per capita carbon dioxide emitters in Asia.

And while authorities have been pushing to change that, renewable energy is a challenge in a country with no rivers for hydro-electricity and where the wind is not strong enough to power turbines. So the tropical country turned to solar power -- however, with little land space in a place half the size of Los Angeles, it has resorted to setting up energy plants off its coasts and on reservoirs.

An island-state threatened by rising sea levels because of climate change, Singapore is aware of the urgency of cutting emissions, although critics say authorities' environmental commitments have thus far fallen short. The government last month unveiled a wide-ranging "green plan" that included steps such as planting more trees, reducing the amount of waste sent to landfills and building more charging points to encourage the use of electric cars.

Among the measures is increasing solar energy use four-fold to around two percent of the nation's power needs by 2025, and to three percent by 2030 -- enough for 350,000 households per year. As well as on water, solar power plants have already been built on rooftops and on the ground.

One newly built solar farm spreads out from the coast into the Johor Strait, which separates Singapore from Malaysia. The 13,000 panels are anchored to the seabed and can produce five megawatts of electricity, enough to power 1,400 flats for an entire year.

"The sea is a new frontier for solar to be installed," said Shawn Tan, vice president for engineering at Singaporean firm Sunseap Group, which completed the project in January. Under development at Tengeh Reservoir is a far bigger project -- once completed, the 122,000-panel solar farm will be one of the biggest in Southeast Asia covering an area the size of 45 football pitches.

The project, developed by Sembcorp and the national water agency Public Utilities Board, will generate enough power to meet the energy needs of Singapore's water treatment plants, said the agency's senior planner Sharon Zheng. This will lead to a reduction in carbon emissions equivalent to removing 7,000 cars from the roads.

The solar panels are imported from China, the world's largest manufacturer of the technology, and anchored to the floor of the reservoir with blocks of concrete.

Shell to invest $5-6b annually in green energy

Anglo-Dutch oil giant Shell will invest up to $6 billion (4.9 billion euros) per year in green energy after its oil output peaked in 2019, the group said on 11 March. The energy major outlined extra cash for biofuels, electric car charging and renewables and said the group's crude oil production was gradually declining. Shell today set out its strategy to accelerate its transformation into a provider of net-zero emissions energy products and services, it said in a statement. The company "confirmed its expectation that total carbon emissions for the company peaked in 2018, and oil production peaked in 2019".

Energy companies worldwide are accelerating plans to transition into greener energy, which demands big investments at a time when the oil majors are looking to make sizeable savings. "Our accelerated strategy will drive down carbon emissions and will deliver value for our shareholders, our customers and wider society," Shell chief executive Ben van Beurden said.

"We must give our customers the products and services they want and need -- products that have the lowest environmental impact. "At the same time, we will use our established strengths to build on our competitive portfolio as we make the transition to be a net-zero emissions business in step with society," van Beurden added.

The update came one week after Shell posted huge annual losses as the coronavirus pandemic slashed energy demand and prices in 2020. Shell dived into a net loss of $21.7 billion (18.1 billion euros) last year as factories shut and planes were grounded. The Anglo-Dutch group's loss compared with a net profit of $15.8 billion in 2019.

Shell's results and large job cuts mirrors the situation elsewhere in the energy sector. British rival BP, which is cutting around 10,000 roles, reported a 2020 net loss of $20.3 billion. US giant Exxon Mobil suffered an annual loss of $22.4 billion. Meanwhile French peer Total on 9 March said it was changing its name to TotalEnergies to reflect a move away from fossil fuels, alongside news it had posted a $7.2-billion net loss last year.

After lockdowns began to spread towards the end of last year's first quarter, oil prices dropped off a cliff, even briefly turning negative. Prices have rebounded sharply however to 13-month highs and levels seen before the pandemic took hold.

Virus curbs cause UK's Heathrow Airport $2.8b annual loss

Under the strict travel restrictions and measures applied by the governments to curb the spread of the COVID-19 pandemic last year, number of the passengers across world airports sunk to unprecedented levels, while Britain's Heathrow Airport saw the least number that were last seen in the 1970s. Accordingly, the airport plunged to a 2 billion pound ($2.8 billion) annual loss.

Heathrow called on the government to agree on a common international travel standard to allow passengers to start flying again in the summer and to provide business tax breaks for airports to help them ride out the crisis. The airport, west of London, is hopeful that travel markets will reopen from mid-May after a government announcement on easing lockdown on 22 February.

Still Britain's biggest airport, Heathrow last year lost its title as the busiest in Europe to Paris as its flight schedules contracted more than its rival's. The airport said on 24 February that during 2020 passenger numbers shrunk 73% to 22 million people, with half of those people having traveled during January and February before COVID-19 shut down global travel. The airport sunk to a 2 billion loss before tax on revenues which were down 62% to 1.18 billion pounds, but Heathrow said it had 3.9 billion pounds of liquidity and that could keep it going until 2023. The airport is owned by Spain's Ferrovial, the Qatar Investment Authority and China Investment Corp, among others.

Chevron reports annual loss of US$5.5b on lower oil prices

Chevron reported a fourth-quarter loss on 29 January to conclude a rocky year for oil companies as the coronavirus battered demand for petroleum products. The US oil giant, which trimmed staff and slashed capital spending to ride out the downturn, finished the year with a loss of US$5.5 billion (RM22.2 billion), compared with earnings of US$2.9 billion in 2019.

Chevron lost US$665 million in the quarter ending December 31, compared with a loss of US$6.6 billion in the year-ago period following a large asset write-down.

US oil prices bottomed out in April 2020, when futures briefly went into negative territory amid a supply glut prompted by the sudden shutdown of much of the US economy.

Crude prices rose and stabilised later in the year, but demand remains weak for some products such as jet fuel. Revenues in the fourth quarter fell 30.5 per cent to US$25.2 billion. For all of 2020, revenues fell 35.4 per cent to US$94.7 billion. Shares fell 1.5 per cent to US$87.68 in pre-market trading.

Goldman Sachs to invest $10 billion over 10 years to support Black women

Goldman Sachs Group Inc said on 10 March it will invest $10 billion in an initiative to support Black women over the next 10 years, focusing on areas including healthcare, job creation and education. The bank's "One Million Black Women" initiative is a part of its commitment to impact the lives of at least one million Black women by 2030, the company said.

Against the backdrop of protests over the death of African-American George Floyd last year, major companies have pledged to increase diversity, donate to civil rights groups and change their policies. Goldman will also set aside an additional $100 million over the next decade for philanthropic ventures focused on African-American women. Reducing the earnings gap for Black women could potentially create between 1.2 million and 1.7 million jobs in the United States, the company said, citing research.

Goldman created a $10 million fund last year to promote racial equity, and had then said it invested around $200 million over the decade to organizations dedicated to serving communities of color.

Hong Kong dumped from economic freedom list it had dominated

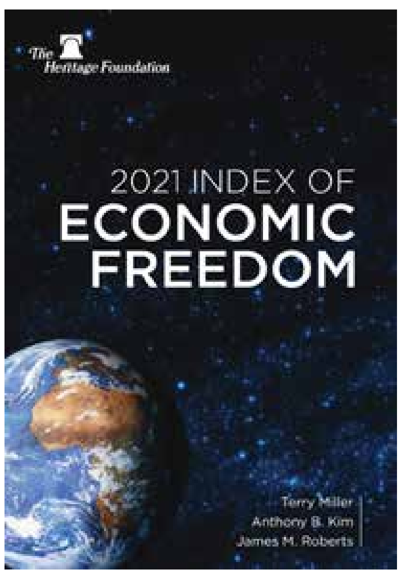
A year ago, when Hong Kong was dethroned by Singapore in the annual Heritage Foundation ranking of the world's freest economies, a top official predicted the city would soon return to the spot it had held for 25 straight years. Instead, Hong Kong disappeared entirely from the latest edition of the list, published on 4 March. Together with Macau, it is now counted as part of China to reflect Beijing's increasing sway over policy following months of pro-democracy protests in 2019.

China resides in 107th place in the ranking, sandwiched between Uganda and Uzbekistan among economies rated as "mostly unfree." While Hong Kong and Macau residents benefit from policies that offer greater economic freedom than on the mainland, "developments in recent years have demonstrated unambiguously that those policies are ultimately controlled from Beijing," the study's authors wrote.

Hong Kong remained at the top of the list of freest economies following its 1997 return to Chinese rule, buttressing the argument that it was the ideal gateway to China, with an independent judiciary, free press and deep financial markets. Officials often referred to the Heritage Foundation ranking when touting Hong Kong's credentials as a financial hub.

But the cracks in that edifice were exposed in 2019, when simmering discontent with Beijing's rising influence boiled over into months of mass demonstrations and violence that sapped business confidence. The unrest led to Hong Kong losing its top Heritage Foundation ranking for the first time since its inception in 1995.

At the time, Hong Kong officials struck a defiant tone. "I can confidently say that the conditions that have long made Hong Kong a place with a high level of economic freedom won't change because of what we experienced in the past," Edward Yau, the secretary for commerce and economic development, told reporters after the 2020 ranking was published in March last year. He said he expected Hong Kong's ranking to recover.



Finance Secretary Paul Chan pushed back against the Heritage Foundation's decision to remove Hong Kong's standalone ranking. "When they arrived at that decision, they must have been clouded by their ideological inclination and political bias," Chan said during an online conference, according to Radio Television Hong Kong.

The decision "ignores the fact that under the Basic Law, the HKSAR retains its status as a separate customs territory, and is a member in its own right of the World Trade Organization and Asia-Pacific Economic Cooperation," a government spokesman said in a statement evening, expressing "deep disappointment and serious dismay" at the exclusion.

Singapore retained the top spot in the latest report, leading a crop of just five economies the Heritage Foundation rates as "free." The other four are New Zealand, Australia, Switzerland and Ireland.

WTO News

World trade primed for strong but uneven recovery after COVID-19 pandemic shock

Prospects for a quick recovery in world trade have improved as merchandise trade expanded more rapidly than expected in the second half of last year. According to new estimates from the WTO, the volume of world merchandise trade is expected to increase by 8.0% in 2021 after having fallen 5.3% in 2020, continuing its rebound from the pandemic-induced collapse that bottomed out in the second quarter of last year.

World merchandise trade volume is expected to increase by 8.0% in 2021 after falling 5.3% in 2020, a smaller decline than previously estimated. Trade growth will likely slow to 4.0% in 2022, with the total volume of global trade remaining below the pre-pandemic trend. World GDP at market exchange rates should increase by 5.1% in 2021 and 3.8% in 2022, after contracting by 3.8% in 2020. Merchandise trade in nominal dollar terms fell in 2020 by 7% while commercial services exports declined by 20%.

Falling oil prices led to a 35% contraction in trade in fuels in 2020. Travel services were down 63% in 2020 and are not expected to fully recover until the pandemic wanes. Trade growth should then slow to 4.0% in 2022, and the effects of the pandemic will continue to be felt as this pace of expansion would still leave trade below its pre-pandemic trend.

Merchandise trade volume and real GDP, 2017-2022[a]

Annual % change

	2017	2018	2019	2020	2021P	2022P
Volume of world merchandise tradeb	4.9	3.2	0.2	-5.3	8.0	4.0
Exports						
North America	3.4	3.8	0.3	-8.5	7.7	5.1
South Americac	2.3	0.0	-2.2	-4.5	3.2	2.7
Europe	4.1	1.9	0.6	-8.0	8.3	3.9
CISd	3.9	4.1	-0.3	-3.9	4.4	1.9
Africa	4.7	2.7	-0.5	-8.1	8.1	3.0
Middle East	-2.1	4.7	-2.5	-8.2	12.4	5.0
Asia	6.7	3.8	0.8	0.3	8.4	3.5
Imports						
North America	4.4	5.1	-0.6	-6.1	11.4	4.9
South Americac	4.5	5.4	-2.6	-9.3	8.1	3.7
Europe	3.9	1.9	0.3	-7.6	8.4	3.7
CISd	14.0	4.1	8.5	-4.7	5.7	2.7
Africa	-1.7	5.4	2.6	-8.8	5.5	4.0
Middle East	1.1	-4.1	0.8	-11.3	7.2	4.5
Asia	8.4	5.0	-0.5	-1.3	5.7	4.4
World GDP at market exchange rates	3.3	3.0	2.4	-3.8	5.1	3.8
North America	2.3	2.8	1.9	-4.1	5.9	3.8
South Americac	0.8	0.2	-0.7	-7.8	3.8	3.0
Europe	2.8	2.0	1.5	-7.1	3.7	3.6
CISd	2.3	2.9	2.1	-0.5	1.0	1.2
Africa	3.1	3.1	2.9	-2.9	2.6	3.8
Middle East	0.7	0.5	0.1	-6.0	2.4	3.5
Asia	5.1	4.6	4.1	-1.1	6.1	4.1

a Figures for 2021 and 2022 are projections.
b Average of exports and imports.
c Refers to South and Central America and the Caribbean.
d Refers to Commonwealth of Independent States (CIS), including certain associate and former member States.
Source: WTO for trade, consensus estimates for GDP.

The relatively positive short-term outlook for global trade is marred by regional disparities, continued weakness in services trade, and lagging vaccination timetables, particularly in poor countries. COVID-19 continues to pose the greatest threat to the outlook for trade, as new waves of infection could easily undermine any hoped-for recovery.

Short-term risks to the forecast are firmly on the downside and centred on pandemic-related factors. These include insufficient production and distribution of vaccines, or the emergence of new, vaccine-resistant strains of COVID-19. Over the medium-to-long term, public debt and deficits could also weigh on economic growth and trade, particularly in highly indebted developing countries.

In the upside scenario, vaccine production and dissemination would accelerate, allowing containment measures to be relaxed sooner. This would be expected to add about 1 percentage point to world GDP growth and about 2.5 percentage points to world merchandise trade volume growth in 2021.

Trade would return to its pre-pandemic trend by the fourth quarter of 2021. In the downside scenario, vaccine production does not keep up with demand and/or new variants of the virus emerge against which vaccines are less effective. Such an outcome could shave 1 percentage point off of global GDP growth in 2021 and lower trade growth by nearly 2 percentage points.

For the whole of 2020, merchandise trade was down 5.3%. This drop is smaller than the 9.2% decline foreseen in the WTO's previous forecast in October 2020. The volume of world merchandise trade plunged 15.0% year-on-year in the second quarter of 2020 (revised up from -17.3 % in October) as countries around the world imposed lockdowns and travel restrictions to limit the spread of COVID-19.

Lockdowns were eased in the second half of the year as infection rates came down, allowing goods shipments to surge back to near 2019 levels by the fourth quarter.

Faster trade and output growth in the second half of 2020 was supported by major government policy interventions, including significant fiscal stimulus measures in the United States. These measures boosted household incomes and supported continued spending on all goods, including imports.

In addition, many businesses and households adapted to the changing circumstances, finding innovative ways to sustain economic activity in the face of health-related restrictions on mobility.

Effective management of the pandemic limited the extent of the economic downturn in China and other Asian economies, allowing them to continue importing. These actions helped prop up global demand and may have prevented an even larger trade decline.

Trade in nominal US dollar terms fell even more sharply than trade in volume terms in 2020. World merchandise export values were down 8% compared to the previous year, while commercial services receipts tumbled 20%.

Services trade was especially weighed down by international travel restrictions, which prevented the delivery of services requiring physical presence or face-to-face interaction.

The impact of the pandemic on merchandise trade volumes differed across regions in 2020, with most regions recording large declines in both exports and imports. Asia was the sole exception, with export volumes up 0.3% and import volumes down a modest 1.3%.

Regions rich in natural resources saw the largest declines in imports, including Africa (-8.8%), South America (-9.3%) and the Middle East (-11.3%), probably due to reduced export revenues as oil prices fell around 35%. In comparison to other regions, the decline in North American imports was relatively small (-6.1%).

In 2021, demand for traded goods will be driven by North America (11.4%) because of large fiscal injections in the United States, which should also stimulate other economies through the trade channel. Europe and South America will both see import growth of around 8%, while other regions will register smaller increases.

Much of global import demand will be met by Asia, exports from which are expected to grow by 8.4% in 2021. European exports will increase nearly as much (8.3%), while shipments from North America will see a smaller rise (7.7%). Strong forecasts for export growth in Africa (8.1%) and the Middle East (12.4%) depend on travel expenditures picking up over the course of the year, which would strengthen demand for oil.

Meanwhile, South America will see weaker export growth (3.2%), as will the Commonwealth of Independent States (CIS), including certain former and associate Members (4.4%).

WTO committee explores initiatives to increase developing countries' trading capacities

Special and differential treatment for developing countries, and particularly for least-developed countries (LDCs), featured in WTO members' discussions at a meeting of the Committee on Trade and Development on 29 March. The United Kingdom's preferential scheme for imports from developing countries and LDCs was also presented at a session dedicated to preferential trade arrangements held the same day.

Special and differential treatment for developing countries and LDCs

The Committee considered the WTO Secretariat's latest paper on special and differential provisions for developing countries, which indicates that a total of 155 such provisions are contained in WTO agreements. These include flexibilities, such as longer transition periods to implement WTO agreements or higher import tariffs. The aim is to help developing countries increase trade opportunities and safeguard their trade interests. The Secretariat paper contains updated information on how the provisions in WTO agreements and decisions are being implemented."

The chair of the Sub-Committee on LDCs, Ambassador Monique Van Daalen of the Netherlands, said that recent data point to COVID-19's severe impact on LDCs due to their weak health care systems, economic vulnerabilities and lack of financial resources. WTO members continue to highlight the importance of facilitating trade in medical supplies and essential goods and to express their determination to help LDCs recover from the crisis, she said. The Sub-Committee will monitor the new global Programme of Action for LDCs, which is expected to be adopted at the Fifth United Nations Conference on LDCs due to take place in Doha, Qatar, in January 2022. The Istanbul Programme of Action for LDCs ended in 2020.

Chad said, on behalf of the LDC Group, that dependence on their trading partners' economic wealth, a weak level of industrialization and lack of diversification are undermining LDCs' integration into the global trading system and their economic recovery from the COVID-19 crisis. Technology transfer and enhanced market access could help LDCs boost their resilience to future shocks and build a robust economy. WTO accession also features among their priorities, Chad said. Eight LDCs are currently in the accession process.

The WTO's Institute for Training and Technical Cooperation presented a new online portal which allows users to apply for trade-related technical assistance and training activities. The courses are designed to help government officials and others, such as parliamentarians, from developing countries, strengthen their understanding of trade-related issues. The online tool is available via the WTO's Technical Assistance Management System, which contains information on the audience for each activity and eligible candidates.

The International Trade Centre presented initiatives aimed at helping developing countries mitigate the impact of the COVID-19 pandemic. This includes She Trades, market analysis tools and trade facilitation projects to help women, young people and micro, small and medium-sized enterprises connect to global markets, including to global value chains. Africa is receiving support for implementing the African Continental Free Trade Area. Fostering environmental protection, promoting development and an inclusive economy, and correcting trade imbalances are some of ITC's objectives.

Ambassador Dr Muhammad Mujtaba Piracha of Pakistan was elected as the Committee's new chairperson.

UK preferential market access to developing countries

At a session dedicated to preferential trade arrangements, the United Kingdom said that 70 developing countries and LDCs can enter its market under preferential conditions, in accordance with its "Generalized System of Preferences" scheme, which entered into force on 1 January. For LDCs, market access is duty-free and quota-free (except for arms and ammunition).

The UK's preferential scheme broadly replicates the market access available to developing countries under the European Union's scheme.

"Targeted trade assistance linked to stable and predictable rules allows for cross border trade to transform economies, unlock growth and reduce poverty", the UK said. "We believe that the UK's scheme will help these eligible countries to trade more and have a positive impact on their economies." The UK's scheme will continue to apply once a country is no longer classified as an LDC or a low/lower middle-income country for a period of three years.

Developed countries are authorized to grant preferential conditions to imports from developing countries through non-reciprocal preferential schemes under the WTO's Enabling Clause, in particular the Generalized System of Preferences. Information on the Generalized System of Preferences schemes and other non-reciprocal preferential schemes of WTO members can be found in the WTO's Database on Preferential Trade Arrangements.

Revised trade agreement between India and Nepal

Under consideration was the revised Treaty of Trade between India and Nepal, which came into force in October 2009. India is Nepal's largest trading partner both in terms of import and export of goods and covered about 62.2 per cent of Nepal's total trade for 2019 and 2020. Nepal is India's second largest trading partner in South Asia and one of the top 10 export destinations of Indian goods globally.

The revised treaty aims to facilitate, expand and diversify trade among the parties in a more transparent and predictable manner. It provides for simplifying, standardizing and harmonizing customs, transport and other related procedures and developing border infrastructure. Each country's goods are treated in a similar way to the goods produced domestically under the treaty, mirroring the WTO's "National Treatment principle". The accord also provides for India to assist Nepal in increasing its capacity to trade. This includes by improving technical standards, quarantine and testing facilities and human resources.

A reminder was made for members to notify all accords, in accordance with the WTO's Transparency Mechanism for Regional Trade Agreements. Although deviating from the WTO principle of non-discrimination, these agreements are allowed under WTO rules to help developing countries meet their development objectives and further integrate into the global economy. The consideration is based on a factual presentation prepared by the WTO Secretariat and questions and replies between WTO members.

WTO chairpersons for 2021

The WTO General Council, on 4 March 2021, noted the consensus on a slate of names of chairpersons for WTO bodies.

Chairs of regular bodies	
General Council	H.E. Mr. Dacio CASTILLO (Honduras)
Dispute Settlement Body	H.E. M. Didier CHAMBOVEY (Switzerland)
Trade Policy Review Body	H.E. Dr. Athaliah Lesiba MOLOKOMME (Botswana)
Council for Trade in Goods	H.E. Mr. Lundeg PUREVSUREN (Mongolia)
Council for Trade in Services	H.E. Mr. Ángel VILLALOBOS RODRÍGUEZ (Mexico)
Council for TRIPS	H.E. Mr. Dagfinn SØRLI (Norway)
Committee on Trade and Development	H.E. Dr. Muhammad Mujtaba PIRACHA (Pakistan)
Committee on Balance-of-Payments Restrictions	H.E. Mr. Dmitry LYAKISHEV (Russian Federation)
Committee on Budget, Finance and Administration	H.E. Dr. Bettina WALDMANN (Germany)
Committee on Trade and Environment	H.E. Mr. Manuel A.J. TEEHANKEE (Philippines)
Committee on Regional Trade Agreements	H.E. Dr. Cleopa Kilonzo MAILU (Kenya)
Working Group on Trade, Debt and Finance	H.E. Ms. Cheryl K. SPENCER (Jamaica)
Working Group on Trade and Transfer of Technology	H.E. Mrs. LE Thi Tuyet Mai (Viet Nam)

Goods Barometer signals strong trade rebound but momentum may be short lived

The barometer's current reading of 103.9 is above both the baseline value of 100 for the index and the previous reading of 100.7 from last November, signalling a marked improvement in merchandise trade since it dropped sharply in the first half of last year. All component indices are either above trend or on trend, but some already show signs of deceleration while others could turn down in the near future. Furthermore, the indicator may not fully reflect resurgence of COVID-19 and the appearance of new variants of the disease, which will undoubtedly weigh on goods trade in the first quarter of 2021.

Indices for export orders (103.4) and automotive products (99.8), which are among the most reliable leading indicators for world trade, have both peaked recently and started to lose momentum. In contrast, the container shipping (107.3) and air freight (99.4) indices are both still rising, although higher-frequency data suggest that container shipping has dipped since the start of the year. Finally, while the indices for electronic components (105.1) and raw materials (106.9) are firmly above trend, this could reflect temporary stockpiling of inventories. Taken together, these trends suggests that trade's upward momentum may be about to peak if it has not already done so. In the third quarter of 2020, the seasonally-adjusted volume of world merchandise trade bounced back from a deep second quarter slump, boosted by rising exports in Asia and increasing imports in North America and Europe. Goods trade in the third quarter, nevertheless, was still down 5.6% compared to the same period in 2019 after having falling 15.6% in the second quarter. These declines, while still very large, are less severe than many analysts feared at the start of the pandemic.

The WTO's most recent trade forecast of 6 October 2020 predicted a 9.2% drop in the volume of world merchandise trade in 2020, but the actual decline may be slightly less severe. Prospects for 2021 and beyond, moreover, are increasingly uncertain due to the rising incidence of COVID-19 worldwide and the emergence of new variants of the disease. Recovery will depend to a large extent on the effectiveness of vaccination efforts. The WTO expects to release its next trade forecast in mid-April.

Ngozi Okonjo-Iweala chosen as Director-General

WTO members made history on 15 February when the General Council agreed by consensus to select Ngozi Okonjo-Iweala of Nigeria as the organization's seventh Director-General. When she takes office on 1 March, Dr Okonjo-Iweala will become the first woman and the first African to be chosen as Director-General. Her term, renewable, will expire on 31 August 2025. "This is a very significant moment for the WTO. On behalf of the General Council, I extend our warmest congratulations to Dr Ngozi Okonjo-Iweala on her appointment as the WTO's next Director-General and formally welcome her to this General Council meeting," said General Council Chair David Walker of New Zealand who, together with co-facilitators Amb. Dacio Castillo (Honduras) and Amb. Harald Aspelund (Iceland) led the nine-month DG selection process.

"Dr Ngozi, on behalf of all members I wish to sincerely thank you for your graciousness in these exceptional months, and for your patience. We look forward to collaborating closely with you, Dr Ngozi, and I am certain that all members will work with you constructively during your tenure as Director-General to shape the future of this organization," he added.

Dr Okonjo-Iweala said a key priority for her would be to work with members to quickly address the economic and health consequences brought about by the COVID-19 pandemic. "I am honoured to have been selected by WTO members as WTO Director-General," said Dr Okonjo-Iweala. "A strong WTO is vital if we are to recover fully and rapidly from the devastation wrought by the COVID-19 pandemic. I look forward to working with members to shape and implement the policy responses we need to get the global economy going again. Our organization faces a great many challenges but working together we can collectively make the WTO stronger, more agile and better adapted to the realities of today."

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