ICC BANGLADESH
INTERNATIONAL CHAMBER OF COMMERCE
The world business organization

25 Years of ICC in Bangladesh 1994-2019

100 years
INTERNATIONAL CHAMBER OF COMMERCE

NEWS BULLETIN

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COVID-19 & Economic Cost of Lockdown

About ICC Bangladesh

International Chamber of Commerce (ICC), The world business organization, with its headquarters in Paris, is having its Centenary Celebration world over in 2019. With its physical presence in more than 100 countries, ICC 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 Kualalumpur (July 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.

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Editor's Note

COVID-19 & economic cost of Lockdown

Bangladesh economy grew by 5.24 per cent in FY20 despite COVID-19 pandemic against 2 per cent growth forecast by World Bank and IMF. The government has set the GDP growth target for FY21 at 8.2 percent, which under present COVID scenario will be difficult to achieve.

The COVID-19 is an unprecedented health and economic crisis, affecting the lives and livelihood of workers, as well as the continued operations of businesses globally. By its nature the disease knows no national borders.

The governments around the world are putting in place measures to address the unprecedented health, social and economic impacts of COVID-19. The G20, along with the WHO, IMF, World Bank Group, United Nations and other international organizations, are mobilized to take active steps to overcome the pandemic, and the International Chamber of Commerce (ICC) is collaborating as a trusted business advisor with many of these engaged stakeholders.

ICC welcomed steps to fight COVID-19 and stem human and economic losses at the conclusion of the virtual G20 Summit held on 26 March, including the G20's commitment to ease the flow of essential medical equipment and maintain a bold and large scale fiscal stimulus in the global economy. ICC has written to G20 Trade Ministers with a roadmap for G20 countries to use trade policy to fight COVID-19 and rebuild the future. Countries around the world are implementing economic and fiscal policy stimuli, including emergency tax measures to support their economies under the pandemic.

To control the spread of pandemic, government announced countrywide lockdown from 26 March, making the whole economy virtually a standstill. The shutdown has left a huge number of people unemployed as they are dependent on daily income for their livelihood. According to Bangladesh Institute of Development Studies (BIDS) survey, Bangladesh will have 16.4 million new poor in 2020 due to the impact of pandemic.

The Economist Intelligence Unit forecast on 26 March that the global economy is expected to contract by 2.2 per cent in 2020. This is likely to affect its garment exports to major G-20 countries such as Germany, Italy, UK and the US. Due to depressed oil prices Middle East and North Africa region will also face lower growth. For these reasons, Bangladesh's remittance inflow, export earnings, industrial production and services sector are going to be seriously affected.

However, surprisingly remittance inflow recorded an all-time high of US$ 18.2 billion in FY20 and on the other hand export earnings have registered a sharp decline of nearly 17% at $33.67 billion in FY20 due to cancellation and/or reduced export orders of garments, which accounts for 84 percent of total national exports. Experts consider that country's export diversification is urgently needed. At the same time FDI dropped by 14 percent to $3.73 billion in the 11 months of the FY20.

Prime Minister Sheikh Hasina has announced stimulus packages of Tk. 677.5bn (approx. USD8bn) planned to implement in immediate, short and long phases through four programs (increasing public expenditure, formulating a stimulus package, widening social safety net coverage and increasing monetary supply). The Prime Minister also announced a number of social safety packages including direct cash assistance for informal sector workers; health insurance for health workers and bankers in case of COVID-19 infected, special honorarium for bankers, health workers and others and cash payment in case of death.

Bangladesh Bank announced moratorium on loan payments until 30 September 2020 and that such borrowers will not be in default. Government announced details of its BDT 50bn (approx. USD595m) stimulus package for export-oriented industries. This includes assistance towards salaries and funding of 2 year loans to factory owners at 2% interest.

Like most other emerging economies, Bangladesh has to tackle a number of key issues in order to achieve the desired GDP growth which include healthcare, sustainable export, FDI and remittance flow. Besides, in order to maintain sustainable growth and order to keep the supply chains functional and cost effective, it is very important to save MSMEs (micro, small and medium enterprises).

Therefore, timely implementation and ensuring that the various stimulus packages announced by the Government and the Bangladesh Bank are availed by the most desired will be very crucial.

WE MOURN



National Professor
Dr. Anisuzzaman
(1937-2020)

We deeply mourn the loss of National Prof. Anisuzzaman, eminent educationist, who passed away on 14 May 2020. The country has lost a national stalwart and renowned intellectual.

As a towering litterateur, academic and cultural activist, Prof Anisuzzaman was involved in major national events, from the Language Movement to the War of Liberation. He was a member of the Planning Commission to the Government of Bangladesh during the Liberation War, served in the National Education Commission soon after, and participated in drafting the constitution of the independent nation.

He was a Dhaka University alumnus and Professor of the Bangla Department. Prof. Anisuzzaman was awarded the EkusheyPadak and the Shwadhinata Padak, the highest state awards from the government of Bangladesh. For his distinguished work in the fields of Bangla language and education, he was awarded the Padma Bhusan by the Indian Government. As a professor and scholar, Prof Anisuzzaman was involved with a number of institutions, both at home and abroad, including Dhaka University, Chittagong University, University of Chicago, University of London, University of Paris, North Carolina State University, and University of Calcutta. He was a visiting professor at Viswa-Bharati University. In 2018, he was named as National Professor by the Government of Bangladesh.

Prof. Anisuzzaman had served as a member of the Board of Trustees of BRAC University from 2010 – 2019. Since 2012, he was President of Bangla Academy.

ICC Bangladesh expresses its deepest condolences to the bereaved family.

May Allah rest his soul in peace in heaven.



Educationist
Mrs. Niloufer Manzur
(1945-2020)

ICC Bangladesh is deeply saddened at the demise of Mrs. Niloufer Manzur, a renowned educationist, founder and Principal of Sunbeams School, on 26 May 2020. One of the great nation builders of the country, Mrs.Manzur was the wife of Syed Manzur Elahi, Former Adviser (Minister) to the Caretaker Government and Chairman of Apex Footwear Limited.

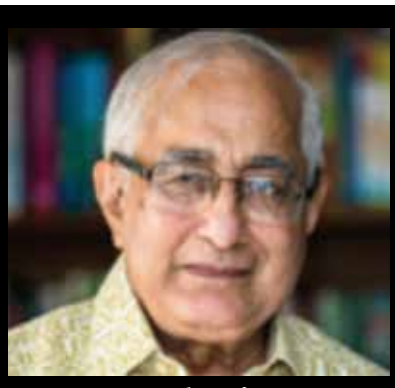
It took a brave soul in the early 1970s, not long after the liberation of Bangladesh, to take the courageous step of initiating English medium education in the country and then to power it to being a purposeful engine geared to a shaping of ideas in little children. Niloufer Manzur was single handedly the brave soul who did it.

In her passing, the country has lost not just one of its legendary educationist, but a great human being, a dedicated and caring individual. While her legacy will be carried forward by her legion of students, whom she taught to serve humanity with equal dedication and humility, her loss will be felt deeply personally by all whose lives she touched.

ICC Bangladesh expresses its deepest condolences to the braved family.

May Allah rest her soul in peace in heaven.

WE MOURN



National Professor
Dr. Jamilur Reza Choudhury
(1942- 2020)

We deeply mourn the sad demise of National Prof. Jamilur Reza Choudhury on 28 April, 2020. A renowned scholar, Prof. Choudhury is widely recognized for his immeasurable service. He was a former Adviser (Minister) to the Caretaker Government of Bangladesh in 1996. He was awarded Ekushey Padak in the category of science and technology in 2017 and in 2018 he was appointed as National Professor by the Government of Bangladesh.

In 1963, Prof. Choudhury earned his Bachelor of Science Degree (Civil Engineering) from Bangladesh University of Engineering and Technology (BUET). He started his long teaching carrier as a lecturer in the Department of Civil Engineering. & began his long teaching career. He earned a Master of Science in Engineering in 1965 and a PhD in structural engineering in 1968 from University of Southampton, UK. In 1975, he was offered Nuffield scholarship to pursue post-doctoral Fellowship at Surrey University in UK. Until 2001 he was working as a Professor at BUET. He developed the "Computer Center" at BUET and was appointed director for about 10 years. He was Chairman of task force for developing Software Export & IT Infrastructure in Bangladesh from 1997 to 2000 under Ministry of Commerce. He was the first Vice-Chancellor of BRAC University between 2001 and 2010.

He was a ranking member of the Prime Minister's Task Force on developing Digital Bangladesh. Besides he is involved with several local and international organizations.

He was working as the Vice-chancellor of the University of Asia Pacific (UAP). He was the Technical Adviser of Padma bridge. He was the President of Bangladesh Mathematical Olympiad Committee.

ICC Bangladesh expresses its deepest condolences to the braved family.

May Allah rest his soul in peace in heaven.



Waliur Rahman Bhuiyan OBE
(1952-2020)

ICC Bangladesh is deeply shocked and grieved at the sad demise of Mr. Waliur Rahman Bhuiyan OBE on 19 June 2020.

We remember with gratitude his association, involvement and active participation since ICC Bangladesh started its journey in the 90s. ICC Bangladesh was fortunate to have his continuous guidance and support in carrying out its activities. He was also a Member of the ICC Bangladesh Executive Board or several terms.

Mr. Bhuiyan was Managing Director of Linde Bangladesh Limited (former BOC Bangladesh Limited). He was also the Honorary Consul General of Finland to Bangladesh. He served as the President of Foreign Investors' Chamber of Commerce & Industry (FICCI) and Board Member of Metropolitan Chamber of Commerce & Industry (MCCI) as well as Bangladesh Employers' Federation (BEF).

In 2007, Queen Elizabeth II has appointed Mr. Bhuiyan as an Honorary Officer of the Most Excellent Order of the British Empire, in recognition of his contribution to strengthening UK-Bangladesh business relations.

He was also a Director of Biman Bangladesh Airlines and Chittagong Stock Exchange, Steering Committee Member of British Business Group and Academic Council Member of BRAC University. Mr. Bhuiyan served as Director of the Board of Linde Bangladesh Limited, Infrastructure Development Company Limited (IDCOL), ACI Limited and Eastland Insurance Company Limited.

He has made tremendous contribution on the development of industrial base of Bangladesh and also in attracting FDI in Bangladesh.

ICC Bangladesh expresses its deepest condolences to the bereaved family.

May Allah rest his soul in peace in heaven.

ICC Bangladesh News

ICC Annual World Council elected new Chair, Vice Chair and Board Members

The ICC Annual World Council Meeting, held virtually on 23 June,, elected Master Card CEO Ajay Banga as Chairman and Ms.Maria Fernanda Garza, CEO of Orestia as ICC First Vice-Chair for a two year term.. Mr Banga served ICC's First Vice-Chair since June 2018 and Ms. Orestia, a Member of ICC Executive, became the first woman to hold this position. As per tradition of ICC, the Current Chairman Paul Polman became ICC Honorary Chair. Mr.Yassin Al Suroor, founder and the Executive Chairman of A'amal



ICC Chair Ajay Banga

group was re-elected as Vice Chair. Mr. Surooris also a board member of various regional and international companies.

The Council was presided by ICC Chair Paul Polman and was attended by Honorary Chair Sunil Bharti Mittal, Secretary General John W.H. Denton AO, Vice Chairs of ICC, Alexis MOURRE, President, ICC International Court of Arbitration; Hamad BUAMIM, Chair, World Chambers Federation; Chairs of ICC National Committees including ICC Bangladesh President Mahbubur Rahman and ICC Bangladesh Secretary General AtaurRahman. This was probably the largest number NCs that participated at any ICC World Council Meeting.

Mr Banga said, "I am delighted to step into the role of ICC Chair, taking over from my friend Paul Polman. In this challenging time, I intend to build on the work underway at ICC and to ensure that the organisation, on behalf of business globally, continues to lead in promoting greater prosperity and opportunity for all, which includes being a crucial voice in the re-building of a sustainable and inclusive global economy."

Prior to joining MasterCard, Mr Banga served as Chief Executive Officer of Citigroup Asia Pacific. He served as a member of United States' President Barack Obama's Commission on Enhancing National Cyber security and a past member of Mr Obama's Advisory Committee for Trade Policy and Negotiations. Mr Banga is also a member of the board of overseers of the Weill Cornell Medical College, and a director of Dow Inc. as well as a member of its compensation and governance committees.

Ms. Maria Fernanda Garza, ICC First Vice-Chairserved as an ICC Executive Board member since 2014 and is the ICC Regional Coordinator for the Americas and a member of the governing body of the ICC International Court of Arbitration. A strong advocate of business ethics and corporate governance standards, Ms Garza was Chair of ICC Mexico until June 2020 and is a former member of the International Affairs Advisory Committee of the Ministry of Labour and former member of the National Advisory Committee of ACLAN. Ms Garza was Vice-President of the Confederation of Employers of the Mexican Republic (Coparmex) and was also a member of the Compliance Committee of Infonavit. She is a board member of the Corporate Responsibility Alliance AliaRSE and was a member of the Corporate Responsibility Networkof the Business and Industry Advisory Committee to the OECD.

ICC Secretary General John Denton said, "ICC thanks Paul for his deep commitment to our global institution. Under his leadership we have made great strides in securing business commitment to drive long-term sustainable growth and development as well as ICC's own sustainability objectives in line with global goals."



First Vice Chair
Maria Fernanda Garza

The ICC World Council also confirmed new members of the ICC Executive Board, making the composition of ICC's leadership the most diverse to date in terms of gender, ethnicity and regional balance. The following newly elected Board members will begin two-year terms on 1 July 2020: Sheikh Khalifa bin Jassim bin Mohammad Al-Thani (Qatar) Chair of ICC Qatar and Chair of the Qatar Chamber of Commerce and Industry; Sebastian Escarrer (Spain) Chair of ICC Spain and former CEO and Vice-Chairman of Melia Hotels International; Dario Gallina (Italy) President of the Torino Chamber of Commerce and CEO of Doctor Gallina; Shinta

Kamdani (Indonesia) Owner and Chief Executive Officer of the Sintesa Group; Valentina Mintah (Ghana) Founder and former CEO of West Blue Consulting; Takeshi Niinami (Japan) Chief Executive Officer of Suntory Holdings Limited; and Jane Sun (China) CEO and member of the board of directors of Trip.com. Patrick Obath (Kenya) and Harsh PatiSinghania (India) were also re-elected to serve second terms on the Executive Board.

ICC Secretary General presented a report on the activities of ICC and the actions taken to face the COVID-19. Alexis Mourre, President, ICC International Court of Arbitration and Hamad Buamim Chair, World Chambers Federation (WCF) also reported on the activities of the Court and WCF respectively. The Council also approved Ratification of Geneva office, Ratification of Merchants of Peace Fund, Ratification of Paris Arbitration Week, Establishment of Abu Dhabi office and Establishment of Shanghai office.

The Council decided to hold 2021 Meeting of the ICC World Council in Mexico on 9-10 June 2021.

ICC Permanent Heads Meeting held

The Meeting of the Permanent Head of ICC National Committees (NCs) was held virtually form ICC Hq. Paris. ICC Secretary General John W.H. Denton AO discussed ICC's COVID-19 response and positioning ICC as a trusted advisor to global business and policymakers. He also informed about setting up a NC Development Fund and ICC's Strategic and Business Transformation Agenda, among other matters. International ICC Dispute Resolution Services: Recent developments and outlook was presented by Alexis Mourre, President, ICC International Court of Arbitration.

Mr. Emmanuel Jolivet, General Counsel, and Catherine Foster, Senior Manager, Office of the Secretary General briefed the meeting about the preparations for the ICC World Council 2020 Meeting held on 23 June; Overview of World Council agenda and presentation of the voting system

During the Meeting, Zabihullah Ziarmal, ICC Afghanistan Chair and ICC Executive Board Member spoke about the "Help and Support Programme" which is being launched globally. The purpose of this programme is to reduce poverty in LCDs through community engagement.

ICC Bangladesh Secretary General Ataur Rahman and the Heads of ICC National Committees attended.

ICC-WHO Global Business Survey
Bangladesh had highest number of responses

The International Chamber of Commerce (ICC) and World Health Organization (WHO) launched a worldwide survey to report the challenges faced by the private sector from COVID-19. The Survey carried out from April to 15 June 2020 gathered more information about global business responses to develop solutions that will address the spread of the pandemic. The ICC-WHO survey is expected to improve information flows between different sectors of the global economy and develop a framework for managing the economic and human consequences related to the pandemic's spread.

The survey is the latest step in ICC and WHO's unique collaboration to provide reliable COVID- 19-related information to the private sector and develop trusted guidance for business communities around the world. As part of an initial joint statement, ICC and WHO called upon national governments to adopt a 'whole-of-society' approach in responding to the COVID-19 pandemic.



On the launch of the ICC-WHO survey, ICC Secretary General John W.H. Denton AO said:"By providing transparent feedback, the private sector can minimise the spread ofCOVID-19 and address the pandemic's underlying repercussions for the global economy. ICC and WHO are calling on business leaders – as trusted voices in their local communities – to share more information about the pandemic's influence on their daily operations, supply chains, and employees."

Calling for participation in the survey via video message, WHO Director-General Dr. Tedros Adhanom Ghebreyesus said, "This survey will allow us to understand how businesses are responding. It will help us map the best practices and understand better where we and national health authorities should focus our attention. The information generated by the survey will help us mount an effective response, saving lives and minimizing economic damage."

With more than 10,000 companies from around the world, Bangladesh had the highest number of responses. The first five countries who had maximum number of responses are: Bangladesh, United Kingdom, Ecuador, United States of America and Afghanistan. ICC – WHO will prepare separate country reports for the countries having more than 300 responses.

ICC Bangladesh – ICC UAE Webinar on International Trade Finance and impact of Covid-19

ICC Bangladesh organized a joint webinar with ICC United Arab Emirates on 'International Trade Finance and impact of Covid-19' on 30 May. The objective of the webinar was to address the unprecedented trade and financial sector development in the country due to Covid-19 outbreak. The event was participated by central bankers, practicing bankers, businesses, and scholars who came up with a number of recommendations for the traders and the bankers. It was observed by most of the discussants that "This is the time when honesty and strong moral principles amongst traders and bank managements will play the strongest roles to handle the trade and trade financing challenges with the ultimate targets of recovery and consolidation of international trade transactions and trade financing practices."

Welcoming the speakers and those participating at the webinar, ICC Bangladesh Secretary General Ataur Rahman mentioned that International Chamber of Commerce, The world business organization, with its Headquarters in Paris, has prepared a Guidance Paper on impact of COVID-19 on ICC Trade Finance Rules addressed to the Governments and Central Bankers for their consideration. ICC has also prepared a Memo to the Governments and the Central Banks to promote adoptions of electronic documents and to invite governments to clear the local legal environment in that respect. He said that the documents have been forwarded to the Financial Institutions Division, Ministry of Finance, Bangladesh Bank and Ministry of Commerce for their consideration.

Mr. Rahman observed that the participants at the webinar will be able to discuss on various issues that the bankers and exporters are facing due to current global lockdown because of COVID-19 and suggest ways to take appropriate measures to overcome those. He thanked ICC UAE for joining ICC Bangladesh in organizing the event.

The webinar was inaugurated by the former Executive Director of Bangladesh Bank (Central Bank) Mr. Md. AhsanUllah who is also a member of ICC Bangladesh Banking Commission. He appreciated the initiative taken by ICC Bangladesh and ICC UAE. Mr. Ahsan Ullah expressed concern regarding the devastating impact of Covid-19 on the country's export and import.

He emphasized on the cooperation of different stakeholders for streamlining the supply-chain and export-import related challenges of facing the impact of Covid-19."It is of utmost importance to come up with practical solutions to ensure smooth financial transaction of international trade", he said. In this regard, he emphasized the need for digitization in the long run and also introduction of international factoring for supporting the exporters Mr. Ahsan Ullah mentioned about the potential market of introducing supply-chain finance like factoring to support traders.

Mr. Md. Fazlul Hoque, ICC Bangladesh Executive Board Member & Managing Director, Plummy Fashions Limited said that the exporters are now facing serious problems due to COVID-19 as a number of buyers have either cancelled their orders or reduced them and in some cases are not clearing the shipments of garments which have already reached their destinations as well as asking for heavy discounts. In view of this situation, it is essential to give support to the exporters as well as pursue the buyers to refrain from cancelling or reducing the orders as it will disrupt the entire block chain as well as adversely affect the MSMEs. He noted that the country's traders are more or less ready for the trade digitization. From the traders' perspective, he expressed concern regarding the accessibility of the trade financing facilities by the smaller traders in this critical situation.

The session was moderated by the Processor and Director (Training) of BIBM Dr. Shah Md. Ahsan Habib who is a member of ICC Bangladesh Banking Commission. He presented the keynote paper titled 'Implications of Covid-19 for International Trade Finance: Bangladesh Context'. The paper was later finalized by including suggestions made by the speakers of the webinar and was launched by the ICC Bangladesh for wider dissemination.

Mr. Vincent O'Brien, Acting Director, ICC United Arab Emirates and Member of the Executive Board, ICC Banking Commission, Paris said, "This webinar was one of the best that I have participated. The speakers were incredibly open regarding the challenges impacting international trade & finance in Bangladesh due to COVID-19. The speakers were also clearly knowledgeable and ready and willing to share that knowledge."

"Sure there are delays as a result of lockdown in Bangladesh, this is a global phenomenon. With the opening up and highly skilled trade finance professionals getting back to their desks, the mountain of paper will be dealt with effectively and efficiently – I have no doubt", he said.

Mr. Vincent observed that digitalisation of the full trade chain including all the diverse playersis not possible right now. "Think about it, figures from SWIFT evidence that Bangladesh is now the country that issues more Documentary Letters of Credit than any other country in the World and the numbers are increasing – that is more than China where the numbers are decreasing. It is estimated that more than 85% of trade into and out of Bangladesh is undertaken on the basis of Documentary Letters of Credit. A process within Bangladesh that is bound up with paper", Vincent commented.

Bangladesh can make incredible impact on digitalization of its trade. It is within the grasp of the highly competent trade finance professionals to fully digitalise the whole issuance side for letters of credit, standbys and guarantees, he said. "This will create a seamless digital channel from LC application by applicant importer, through the issuing bank with a copy advised into the hands of the beneficiary in another country. The technology to do this is already applied, tried and tested by banks in the UAE.



ICC UAE will be pleased facilitate our friends in Bangladesh receiving detailed insights into the technology and its potential to transform this burdensome paper based process". Given the importance of trade between Bangladesh and the UAE, ICC UAE greatly appreciated the invitation from ICC Bangladesh to participate in this fully transparent digital dialogue, Vincent said.

The designated discussants at the Webinar were Ahmed Shaheen, Deputy Managing Director & Head of Corporate Banking, Eastern Bank & Member of ICC Bangladesh Banking Commission; Anisur Rahman, Deputy General Manager, Bangladesh Bank; Mr. Mahmudur Rahman, Senior Executive Vice President, Islami Bank Bangladesh Limited; K.M. Lutfor Rahman, Senior Manager and Head of Import, BRAC Bank Limited; ATM Nesarul Hoque, Vice President, Mutual Trust Bank Limited and Masroor Hossain, Senior General Manager, Envoy Group also took part in the

webinar. A total of 321 made online comments and some 7,300 watched the online webinar.

It was observed by the discussants that trade finance service providers, banks are in the Corona warfront and must install system to handle that risk as priority. Today, generally, trade financing banks are under performing and struggling with accomplishing due jobs in the given banking hours allowed as per absolutely reasonable social distancing regulations. Some of the trade financing services are time-bound and necessary for the trade transactions to move on. It is important for banks to handle these pressures with the support of the top management. Certain stimulus packages target trade financing clients of banks specifically. These may offer notable beneficial impact to banks and traders. A bank must have internal strategy for these packages so that its clients and the bank itself might optimally benefit. Clients having financial strength and who are unaffected should not be facilitated with these scarce packages for the sake of the quick economic recovery of the country.

It was highlighted that Covid-19 is offering an opportunity to support clients and affected communities, thus improve reputation and the image of a bank. Meeting commitment and liabilities by banks are crucial for reputation. In particular international payment liabilities must be met for long term benefits and reputation. Trade service providers must not resort to unethical acts for the short-term gain of the bank. It is important to take care of the reputational risk and country risk for sustainable operation by banks in the post Covid-19 situation. In line with global trends of newer forms of money laundering, there might be fresh compliance requirements in the coming months for the banks. Practically, trade service providing banks are required to consider the newer types of red flags that are suggested globally in the context of potential increase in the TBML to avoid any future hazard.

It was also suggested that IT and fin-tech have received renewed focus during this Covid-19 situation. Banks may attempt for certain digitization move where possible and start thinking of technology adaptation in the post COVID-19 situation for effective trade financing services. The costly affair might be handled by banks as consortium with the support of policy makers. The trade financing industry might be equipped with more trade financing products for better risk diversification and support for the arrangement of credit insurance or export credit guarantee in the post Covid-19 scenario.

Traders and enterprises engaged in international trade activities must have arrangement to address contamination risk in their work stations or factories as priority. Cooperation and transparency between trade financing banks and the traders are critical at this moment. Traders need adequate support in handling their trade finance related challenges and complexities. Traders must also be transparent with their trade financing banks and do their best to comply with banks' liabilities.

Farewell to Spanish Ambassador

ICC Bangladesh arranged an e-farewell to H.E. Mr. Alvaro de Salas Gimenez de Azcarate, Ambassador of Spain on 27 June. ICC Bangladesh President Mahbubur Rahman thanked the Ambassador for giving the opportunity to arrange the virtual farewell for him. He said that it was unfortunate that a more formal programme could not be arranged due to COVID-19 lockdown. He mentioned about the visit to Spain in October last year by a group of ICC Bangladesh members and their spouses. ICC Bangladesh President expressed his profound gratitude to Ambassador Alvaro for extending necessary visas as well as all courtesies and suggestions for making the visit fruitful. "We are going to miss a very good family friend from Spain", Mr. Mahbubur Rahman said. He wished the Ambassador good health and long life.

Ambassador Alvaro de Salas Gimenez de Azcarate thanked ICC Bangladesh President Mahbubur Rahman and the members who went to Spain. He appreciated the absolute support and cooperation extended to him by the business leaders of Bangladesh and helped him in promoting better relations and expansion of trade between the countries. The Ambassador said that he is happy to be able to create an active group of goodwill Ambassadors for Spain in Bangladesh. The Ambassador also said that he was supposed to stay for another two years in Bangladesh, but in view of COVID-19, he has been advised to return to Spain. He will always remember the good times spent in Bangladesh and thanked all ICC Bangladesh friends for arranging the farewell, as well as a number of events for him to meet and interact with business houses of Bangladesh.

ICC Bangladesh Vice President Rokia Afzal Rahman thanked Ambassador Alavaro for taking special care for the group in issuance of visa and various suggestions regarding places to be visited. She also thanked the Ambassador for inviting the group on their return to get a feedback about the trip. Mrs. Rokia A. Rahman hoped that Ambassador Alavaro will always remain as the goodwill Ambassador of Bangladesh in his



new assignment whether in Spain or in another foreign assignment.

All the members who went to Spain with ICC Bangladesh President Mahbubur Rahman, expressed their deepest gratitude and heartfelt thanks to Ambassador Alvaro for extending support on their visit to Spain.

The farewell was attended by the group consisting of ICC Bangladesh Vice President Rokia Afzal Rahman, ICC Bangladesh Executive Board Member A.K.Azad, Aftabul Islam, Anwarul Alam Chowdhury (Parvez), Md. Fazlul Hoque and Mir Nasir Hossain, Chairman & CEO of Shohagpur Textile Mills, Abdul Hai Sarker and Uttara Group Chairman Matiur Rahman who visited Spain along with ICC Bangladesh President Mahbubr Rahman. ICC Bangladesh General Secretary Ataur Rahman thanked H.E. Mr. Alvaro de Salas Gimenez de Azcarate, Ambassador of Spain for kindly accepting and attending the invitation.

ICC engagement with FAO, WFP and WTTC

In line with ICC's mission to make business work for everyone, every day, everywhere, ICC is partnering with the UN Food and Agriculture Organisation (FAO), the World Food Programme (WFP), and the World Travel and Tourism Council (WTTC) to identify ways in which members in these sectors can be better engaged and supported.

A virtual roundtable was organized by ICC on 2 June with National Committees (NCs) of West, South, and South-East Asia. The objective of the consultation was to prepare some countries to lift or relax lockdown measures, and others to increase strict measures in worsening conditions, since the importance of international coordination to recover from the COVID-19 pandemic cannot be undermined. The business makeup in the West, South, and South-East Asia regions is characterised by an important presence of MSMEs and larger companies focusing on tourism, agriculture, and food and beverages. These companies are vital to the region, accounting for a considerable percentage of employment and national output. Consequently, they must be put at the centre of our COVID-19 response.

The roundtable was moderated conducted by Mary Kelly, Director, ICC National Committees and

Membership, Global Partnerships & Development. It was attended by ICC Bangladesh Secretary General Ataur Rahman, Abdul Qadir Bahman, Secretary General, ICC Afganistan, Anthony Shanil Fernando, Honorary Secretary and Dinesh Weerakkody COO of ICC Sri Lanka, Khairunnisa Binte Zulkifli and Jason Lee from Singapore Business Federation and Ms. Sareeya, Managing Director an Ms. Amornrat, ICC Thailand.

ICC has entered into discussions with the Food and Agriculture Organization (FAO) to provide a structured private sector mechanism to help the Rome-based UN agency achieve its own mission of defeating hunger and improving nutrition and food security. The purpose of this engagement is (i) to leverage private sector expertise and capabilities in support of a critical segment of the UN Sustainable Development Goals and (ii) to create additional opportunities for National Committees and Chambers of Commerce to engage their members in the development of healthy and sustainable communities in which business can thrive. The envisaged engagement would focus on two core components: (i) Advocacy within FAO and (ii) the creation of a structured private sector mechanism to partake in FAO's flagship initiatives. In collaboration with FAO and other UN branches, ICC aims to be the trusted partner for mobilizing the private sector globally to achieve common objectives that align with our mission.

ICC is also having discussions with the World Food Program (WFP) to create a structured private sector mechanism to help the Rome-based UN agency achieve its own mission of eradicating hunger and distributing much-needed food assistance to developing countries. The purpose of this engagement is (i) to leverage private sector expertise and capabilities in support of a critical segment of the UN Sustainable Development Goals and (ii) to create additional opportunities for National Committees and Chambers of Commerce to engage their members in the development of healthy and sustainable communities in which business can thrive. In collaboration with WFP and other UN branches, ICC aims to be the trusted partner for mobilizing the private sector globally to achieve common objectives that align with our mission.

In order to provide support to the tourism sector ICC is planning to work with the World Travel & Tourism Council (WTTC). The WTTC members are Chairmen or Chief Executives of leading global Travel & Tourism companies, representing over 200 companies and accounting for two-thirds of a trillion US dollars in turnover, equivalent to 30% of the entire tourism sector. Members come from all geographical areas and industries, including hotels, airlines, airports, tour operators, cruise, car rental, travel agents, rail, as well as the sharing economy. The purpose of this engagement is (i) to join forces at the policy level and (ii) to mobilize emergency finance to help ensure liquidity in the industry. By collaborating with WTTC, ICC aims to better serve the travel & tourism section of its network.

At the roundtable, it was pointed out that FAO has expressed an interest to engage ICC Members in the redefinition of their private sector strategy. They invited ICC to propose a few companies which could become part of their Private Sector Advisory Group, whose purpose is to help FAO better engage with the private sector. This could be a great opportunity for ICC Members to help shape FAO from the inside.

The Private Sector Advisory Group will be composed of a diverse set of private sector representatives (MSMEs, multinationals, institutional investors, etc.) with different thematic focus (plant, animal, technology, data, natural resources, fisheries, etc.). ICC Bangladesh nominated two companies for the FAO Private Sector Advisory Group.

ICC Interview on Save our SMEs

International Chamber of Commerce (ICC) in response to COVID-19 response, has launched a global call to action to "Save our SMEs", with an immediate focus on (i) bringing attention to the scale of the effects of the pandemic on micro, small and medium-sized enterprises and their workforce; (ii) ensuring that emergency measures and stimulus packages reach small businesses and their workers at the speed and scale required; and (iii) providing tools to MSMEs to help them navigate this difficult period. ICC has initiated a dialogue with heads of multilateral and regional institutions on this topic.

In order to get suggestions, ICC interviewed ICC Bangladesh Banking Commission Chairman and CEO Bangladesh International Arbitration Centre Muhammad A Rumee Ali and ICC Bangladesh Secretary General Ataur Rahman on 21 April.

From ICC, the interview was conducted by Mary Kelly, Director, ICC National Committees and Membership, Global Partnerships & Development and Raoul Renard, ICC Government Affairs Manager, based in New York.

Question 1:

How have micro, small and medium-enterprises (MSMEs) been impacted by COVID-19 in your country?

Answer: Mr. Muhammad A Rumee Ali (MA)

The whole supply chain has been immediately affected. Almost all MSMEs have been impacted quite a lot. SMEs are not the same size as they are in the US, where a $100 million turnover is considered a medium enterprise. In Bangladesh the figures are much smaller. The lockdown has stopped all kinds of trading activity. MSMEs either produce or trade something: they cannot do so now.

Most transportation has stopped, except for essential services. Thus, MSMEs are not able to send or receive products. Traders and producers are both impacted, with a huge impact on cash flows. MSMEs are therefore unable to pay wages, and in some instances cannot afford to provide basic necessities themselves.

BRAC Bank is the largest SME lender in Bangladesh. According to a survey conducted by the Bank, of the 10,000 respondents, 84% of SMEs were unable to collect any receivables; 82% had 1-2 months of cash flow to pay expenses; 62.84% could afford to pay debts and EMIs for 1 month after opex. So they have one month to pay tax.

Question 2:

Have the measures announced by your government in support of micro, small and medium-enterprises (MSMEs) proved successful? If so, what lessons can other countries learn? If not, why not?

The government has committed US $8.4 billion for different sectors. The money flows from the central bank to commercial banks, who then provide it to entrepreneurs.

US $3 billion has been committed for farmers and microenterprises. Tk. 75,000 loans (US$880) available to small entrepreneurs, such as street vendors. Microfinance institutions are allowed to charge a maximum 9% interest (from a standard maximum of 25%).

Mr Ali suggested there should be a moratorium on payments (e.g. for term loans and working capital loans).

Question 3

What measures have been taken, or should be taken, to ensure adequate support for workers, especially vulnerable groups such as migrants, refugees, women and those in the informal economy?

Answer: MA

Beyond the banking system, are there alternative channels in your country (e.g. Fintech, mobile wallets, etc.) to provide financial support to the widest number of MSMEs and their workforce, as well as to micro-entrepreneurs and the self-employed, in the fastest way possible?

Mr. Ali: "When we set up bKash, my idea was that it should be more than a payments institution. I thought it should be a bank for these marginal people. That's why we got interested in this. What it has turned out to be, as with all other mobile payment platforms, is simply a payments institution. If you are asking me, is there something innovative they can do about it, not much. They can just move money from one institution to another, quickly and efficiently.

But they cannot do anything innovative in terms of loans because their license prevents this.

The government recently announced that all payments to workers must be done through traditional banks or mobile financial services. So all are opening accounts with bKash, Rocket etc. Only about 30% of workers previously had bank accounts or bKash/Rocket accounts.

Question 4:

Are there other initiatives or mechanisms at the local, regional or global level which you believe will be useful to support MSMEs and their workers throughout the crisis and during the recovery phase?

Answer: Ataur Rahman:

I think that the buyers of garments/ textiles need to step up and assist by contributing to the producers to help the workers so that they can stay alive.

In this regard, he referred to the recent statement by the STAR (Sustainable Textile of the Asian Region) Network, a platform of nine garment and textile-producing and exporting associations from Bangladesh, Pakistan, Cambodia, China, Myanmar and Vietnam that the exporters from these countries account for a major portion of $460 billion global garment market. They urged retailers and brands to honour the terms of purchasing contracts, fulfil obligations and not to re-negotiate price or payment terms.

Cancellation of export and import orders will have long term adverse impact on the total global supply chain, loss of MSMEs and ultimately affect the global economy as a whole. Therefore, it is suggested ICC to address these issues with the major retailers and brands.

MA

Banks should engage in equity financing of businesses of MSMEs – to make them sustainable. We could design a form of equity financing where businesses have a five-year put option to buy back – with a valuation. In that way if they do not recover, they will not have to repay, but if the business survives it can purchase back the stake in the business.

ICC HQs News

ICC elects Mastercard CEO Ajay Banga as new Chair

ICC, the institutional representative of 45 million companies, on 23 June has elected MasterCard CEO Ajay Banga as Chair. Mr Banga, who has served as ICC's First Vice-Chair since June 2018, becomes ICC Chair with immediate effect, succeeding Paul Polman who becomes ICC Honorary Chair, having served as Chair for the past two years.

The election of Mr Banga during the ICC World Council, held annually, also confirmed Maria Fernanda Garza, CEO of Orestia and current Board member, as ICC First Vice-Chair – making her the first woman to hold this position.

Seven members have also been elected to the ICC Executive Board, strengthening leadership at ICC with augmented geographic, ethnic and gender diversity.

Prior to joining Mastercard, Mr Banga served as Chief Executive Officer of Citigroup Asia Pacific. He served as a member of United States' President Barack Obama's Commission on Enhancing National Cybersecurity and a past member of Mr Obama's Advisory Committee for Trade Policy and Negotiations. Mr Banga is also a member of the board of overseers of the Weill Cornell Medical College, and a director of Dow Inc. as well as a member of its compensation and governance committees.

Maria Fernanda Garza

ICC First Vice-Chair

Ms Garza has served as an ICC Executive Board member since 2014 and is the ICC Regional Coordinator for the Americas and a member of the governing body of the ICC International Court of Arbitration. A strong advocate of business ethics and corporate governance standards, Ms Garza was Chair of ICC Mexico until June 2020 and is a former member of the International Affairs Advisory Committee of the Ministry of Labour and former member of the National Advisory Committee of ACLAN. Ms Garza was Vice-President of the Confederation of Employers of the Mexican Republic (Coparmex) and was also a member of the Compliance Committee of Infonavit. She is a Board Member of the Corporate Responsibility Alliance AliaRSE and was a member of the Corporate Responsibility Network of the Business and Industry Advisory Committee to the OECD.

COVID-19: 7 resources to help small business

ICC is committed to helping small businesses impacted by COVID-19. ICC is highlighting seven digital business resources to help micro-, small- and medium-sized enterprises (MSMEs) during this unprecedented period and beyond.

Whether you are looking for new ways to go global or interested in finding a neutral framework for your contractual relationships without the cost of a lawyer, the International Chamber of Commerce (ICC) has a variety of dedicated digital tools to support and guide small businesses in the face of the worst health and economic crisis of our time.

To help Save Our SMEs, ICC is offering a range of essential digital business resources, for free or at a 50% discounted rate.

1. Incoterms® 2020

The Incoterms® rules are a globally-recognised set of standards, used worldwide in international and domestic contracts for the delivery of goods. The trade terms allow importers and exporters to better



understand their responsibilities, all while avoiding costly misunderstandings. What's more, the 2020 edition came into effect in January, meaning they've received a fresh update to keep you in the know at all times.

2. Hardship and Force Majeure in International Commercial Contracts

Is COVID-19 considered a force majeure event? ICC recently updated its Hardship and Force Majeure clause to steer businesses looking to draft contracts that are adaptable to such unforeseen circumstances. To compliment the clause, the Hardship and Force Majeure in International Commercial Contracts guide explores the rules and sets out a range of perspectives on contract adaptions by arbitrators to help parties navigate the complex issues you face in difficult times.

3. Drafting and Negotiating International Commercial Contracts

With the globalised world in partial or complete lockdown, companies have had to quickly pivot their operations to stay afloat. For those looking to take their business across borders, this handy guide outlines what to expect and how to prepare in order to avoid the most common pitfalls.

4. ICC's collection of banking rules

Having companies around the world abide by the same guidelines levels the playing field, making it easier for

MSMEs to break into international markets. If you're a small business looking to mitigate risks involved with trade, ICC's rules are the most successful privately drafted rules for trade and are continuously updated to reflect the changing nature of banking in trade.

5. Certificate of Origin Guidelines

The current pandemic has brought about an increase in fake documentation, altering the origin of counterfeit products and causing physical and economic harm. Chambers of commerce wanting to guarantee their commitment to using the highest quality of service will gladly find that this guide outlines everything from the latest certificate of origin (CO) developments – most notably concerning the digitalisation of the CO process – to the specific roles and duties of chambers of commerce and how to determine and verify origin.

6. ICC Model Contracts

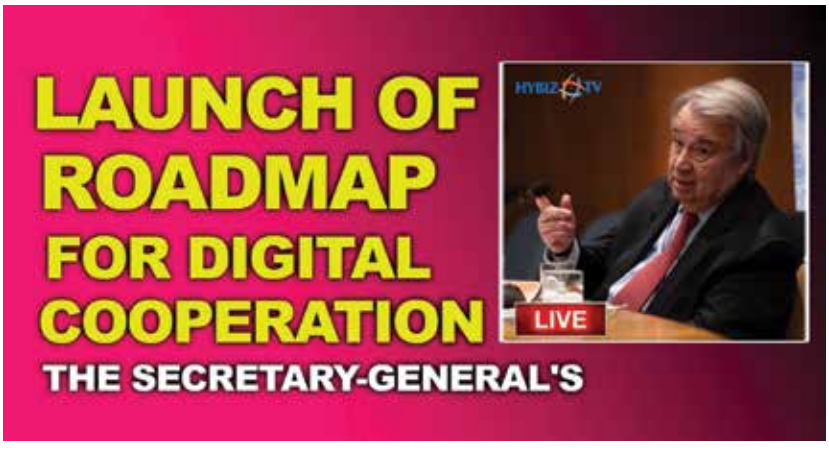
To help prevent your agreements from getting you into the wrong kind of bind, we've developed an array of model contracts and clauses to ensure you have the sound legal basis you need to draft an even-handed agreement. Constructed to protect the interested of all parties, these agreements combine a single framework of rules with flexible provisions to allow you to curate the requirements you need for your business workings.

7. A selection of ICC Academy online programmes

Our world is changing, and fast. To help professionals transform their practices, ICC has designed a suite of online certificated programmes to help meet the ever-growing needs of the international business community.

ICC joins the United Nations Secretary-General to launch Roadmap for Digital Cooperation

ICC joins United Nations (UN) Secretary-General Antonio Guterres to launch the Roadmap for Digital Cooperation.



On 11 June, UN Secretary General Antonio Guterres issued his report, Roadmap for Digital Cooperation, in response to the recommendations provided by the High-Level Panel on Digital Cooperation. The Roadmap calls upon the global community to address issues such as digital connectivity, digital inclusion, human rights, artificial intelligence, and trust and security, as well as digital cooperation mechanisms and models.

For years, business has advocated for the potential of digital technologies to act as catalysts for accelerated implementation of the UN's Sustainable Development Goals (SDGs). As the voice of business, ICC supports Mr. Guterres's call for multistakeholder cooperation to harness the power of digital technology to chart a digital future that works for everyone.

In the context of COVID-19, the adoption of digital technologies has become critical for enabling the continuity of essential activities by business, government and civil society. From distance learning to the facilitation of e-signatures for contracts, technology has enabled business and society with solutions in response to the world-wide disruptions caused by this crisis. Despite these innovations, COVID-19 has also exposed and exacerbated the gap between those with adequate access to digital technologies and those without.

Following Mr Guterres's presentation of the Roadmap, Ajay Banga, ICC's First-Vice Chair and Chief Executive Officer of Mastercard, participated in a discussion with global leaders, including heads of state and company executives. As part of his intervention, Mr Banga discussed how the rapid adoption of digital technologies has mitigated the severe economic and human consequences of the pandemic.

Mr Banga also addressed the underlying inequalities related to meaningful digital access that have become apparent due to COVID-19.

"In the next 2-3 years, the continued deployment of 5G, the proliferation of IoT, the expansion of cloud and edge technology and the explosion of AI will have tremendous impact on the ways we conduct business, educate our youth and secure our borders, both physical and virtual. But we can't have an Internet of Everything without the Inclusion of Everyone. And we won't achieve that unless we work together to build the system, foster use, offer access, protect it and support its growth."

ICC publishes customs measures to Save Our SMEs

ICC is calling upon governments to resolve customs challenges faced by small businesses by adopting concrete measures.

COVID-19 has severely disrupted supply chains around the world with businesses of all sizes still coming to grips with border closures, trade restrictions, travel bans, and necessary public lockdowns. Despite the gradual re-opening of many economies, formidable logistical challenges remain and are likely to become the "new normal" for businesses.

In response to these uncertain trade conditions created by COVID-19, ICC is calling upon governments and customs authorities to adopt concrete measures designed specifically to help small- and medium-sized enterprises (SMEs). Relying upon the expertise of ICC's extensive global network in over 100 countries, the latest ICC recommendations outline customs hurdles and challenges faced by SMEs in the wake of COVID-19, such as reduced hours of operations at customs offices, classification requirements for essential goods and the restriction of non-essential trade.

The ICC recommendations also outline best practices for governments and customs authorities to strike a balance between necessary health measures and trade facilitation. Most notably, ICC calls upon customs authorities to adopt risk-based approach to compliance management and encourages the adoption of electronic documentation in place of paper-based processes. Given SMEs form critical links in global value chains, policymakers must prioritise these measures to save SMEs, both to ensure the delivery of essential goods and services and to rebuild shattered economies.

Recognising the interconnectedness of global trade, the paper recommends the creation of an international agenda for customs agencies to assist SMEs as they continue to weather the consequences of COVID-19. From coordinating with neighbouring countries to sharing lessons with the World Customs Organization (WCO), the paper provides considerations aimed at strengthening multilateral processes related to customs policies.

The recommendations on customs measures are the latest resource in ICC's urgent call to Save Our SMEs, a global, multistakeholder campaign to combat the economic repercussions of COVID-19.

World Environment Day: New partnership looks to help SMEs thrive in post-COVID-19 world

On the occasion of World Environment Day on 5 June, ICC and the Exponential Roadmap Initiative, with the support of the United Nations Framework Convention on Climate Change (UNFCCC), have announced a new partnership – "The SME Exponential Race to Zero".

The partnership will explore the development of a global platform to help small- and medium-sized enterprises (SMEs) build business resilience by providing them with concrete climate action support and financial resources necessary to thrive in a post-COVID-19 world.

Building on the Exponential Roadmap's 1.5°C Business Playbook and ICC's Chambers Climate Coalition network, the new initiative seeks to help SMEs build business resilience by providing them with concrete tools to work towards halving emissions by 2030 and achieving net-zero emissions by no later than 2050, while reducing costs, enhancing access to capital and increasing business preparedness. SMEs comprise an estimated 80% of business worldwide, employing billions of people and play a vital role in their local communities and in global supply chains. However, necessary measures undertaken by governments and companies to combat the spread of COVID-19 are disproportionately impacting SMEs and their workforces, putting them at risk of permanent closure. The Save Our SMEs (SOS) campaign led by ICC aims to mobilise urgent and decisive action to protect small businesses from the devastating economic repercussions of the COVID-19 pandemic.

As we begin to examine how to shape the post-COVID recovery, it is clear that building resilience will be a vital component of the rebuild process to ensure that businesses, communities and supply chains can survive future threats – whether biological, technological or environmental. One of the most pressing existential threats to businesses is climate change, which has the potential to slow economic growth by limiting resource availability, causing shifts in demand, disrupting production and forcing business closures. Small businesses, who operate with limited liquidity, have fewer options available to adapt to these projected conditions and are at high-risk of never reopening following a severe weather event – 40% to 60% of small businesses never reopen after a disaster. At the same time, their survival is essential for the provision of goods and services around the world, the livelihoods of the billions of people that are employed by them, and the success of the global economy. With many governments expected to put an emphasis on a green economic rebuild from the effects of COVID-19, it will be doubly important to ensure that SMEs have the tools needed to adapt to changing market conditions and new policy frameworks.

ICC Chair Paul Polman calls for new global roadmap to finance COVID-19 rebuild



ICC Chair Paul Polman addressed a high-level United Nations event on financing for development on 28 May, underscoring the business imperative to ensure universal access to COVID-19 supplies and continued fiscal interventions to protect lives and livelihoods.

Convened by UN Secretary-General Antonio Guterres, Prime Minister of Canada Justin Trudeau and Prime Minister of Jamaica Andrew Holness, the virtual High-Level Event on Financing for Development in the Era of COVID-19 and Beyond sought to advance concrete solutions to the development emergency caused by the COVID-19 pandemic.

Speaking on behalf of 45 million businesses as Chair of the International Chamber of Commerce, Mr Polman announced ICC collaboration with Global Citizen in calling for forward-looking international cooperation to ensure universal access to COVID-19 diagnostics, treatments and vaccines through the Global Goal: Unite for Future campaign:

Underscoring the essential role of trade policy in facilitating equitable access, Mr Polman said:

"Leadership is urgently required from the G20 – and, more broadly, members of the WTO – to establish a cogent roadmap to ensure that the access to a future vaccine is not artificially restricted by trade restrictions as governments scramble to secure supply." Citing ICC estimates that a possible US$5 trillion of trade financing capacity will be needed in 2021 to restore global commerce to its pre-COVID-19 trend, Mr Polman said: "The scale of the disruption means that further fiscal interventions will inevitably be needed to enable SMEs to weather the crisis and – hopefully – build back better."

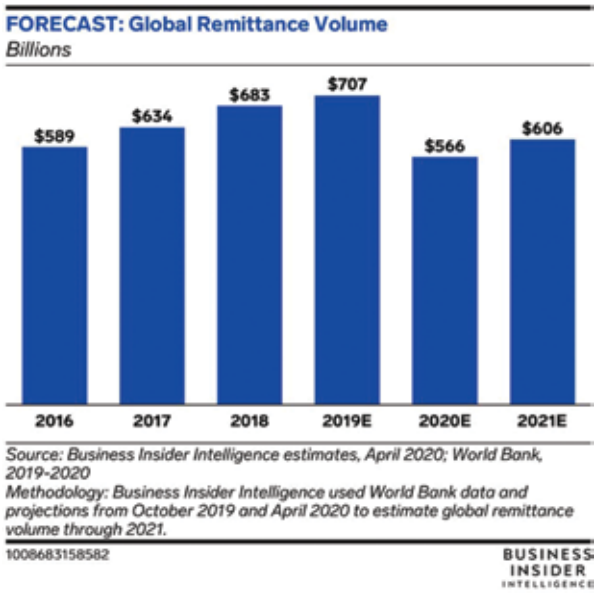
"The global private sector stands squarely with the UN and with all governments in responding to the crisis," Mr. Paul concluded. ICC is the only private sector organisation with Observer Status at the United Nations (UN) General Assembly and proudly supports UN Missions and goals as the voice of global business in several UN specialised agencies.

ICC joins forces with UN and governments to improve flow of remittances

ICC on 22 May has announced its support for a multistakeholder initiative calling on policymakers, regulators and remittance services providers to improve migrants' access to remittance services and reduce transfer costs during the ongoing novel coronavirus (COVID-19) pandemic.

Led by the Governments of Switzerland and the United Kingdom, the call to action, Remittances in Crisis – How to Keep Them Flowing, is supported by the United Nations Capital Development Fund (UNCDF) and the United Nations Development Programme (UNDP), as well as the World Bank, the International Organization of Migration (IOM), the International Association of Money Transfer Networks (IAMTN) and the Global Knowledge Partnership on Migration and Development (KNOMAD).

In addition to devastating health impacts, COVID-19 has severely impacted the global economy. Some low- and middle-income countries may take an even greater hit due to the projected decline in remittances this year. Data from the World Bank show that remittance inflows are expected to undergo the sharpest decline in recent history, shrinking by about 20%, a fall of around US$110 billion. Reduced remittances can have major ripple effects across economies as investment and consumption spending decrease. It can also slow down the progress countries have made in achieving the Sustainable Development Goals.



The call to action contains recommendations across policy, regulations and service provision that, in combination, will ensure migrant workers and their families are not left behind in the current crisis.

Trade dialogue convenes business and WTO to address COVID-19

ICC and the Business-20 (B20) convened a virtual trade dialogue with business leaders, facilitated by the WTO, to discuss the role of trade in addressing the current economic crisis arising from the COVID-19 pandemic.

ICC Secretary General John W.H. Denton AO and B20 Chair Yousef Al-Benyan, co-hosted the meeting, which took place on 19 May and brought together online over 70 senior business leaders to discuss the role of trade policy and the World Trade Organization (WTO) in tackling the COVID-19 crisis. The meeting also suggested concrete measures for governments to mitigate the economic damage caused by the crisis and to lay the foundation for a strong and inclusive recovery. Participants represented companies of differing sizes from around to world, from a diverse range of sectors.

The meeting was organised and facilitated by WTO Director-General Roberto Azevedo, and followed a recent call to action from ICC and the WTO, issued in a joint statement, for a virtual business roundtable to provide "constructive recommendations to governments on trade policy measures that can be readily deployed to speed the response to the COVID-19 pandemic in the immediate and mid-term". WTO General Council Chair, Ambassador David Walker, also participated in the meeting.

Mr Denton said: "Maintaining a functioning trading system is vital to protect lives and livelihoods through the COVID-19 crisis. Governments and businesses must unite to resist protectionism taking root in the global economy. The private sector is uniquely placed to advise governments on how trade policy can be used to speed the response to the pandemic and enable a rapid economic recovery.

"In this context, we also need to move from talk to action on WTO reform so that it can once again live up to its founding promise of liberalising trade, opening up markets and enabling fair competition. That means finally completing fisheries subsidies negotiations, creating new rules on digital trade and e-commerce, providing greater support for small businesses and improving the inner workings of the WTO so that it can operate quickly, flexibly and with its ultimate users in mind – business."

Participants stressed the importance of maintaining an uninterrupted supply of essential goods and services, and called for an effective and rapid implementation of the WTO Trade Facilitation Agreement. They also underscored the need for any COVID-related trade-restrictions to be targeted, proportionate, transparent and temporary, reflecting similar calls from the G20. The meeting also saw significant support for urgent conclusion of the work on fisheries subsidies, and for the Joint Statement Initiatives process to achieve new rules vital to business and to modern economies, such as e-commerce.

Participants also stressed that the WTO, and other relevant international organisations, have an important role in urging members to provide more transparency on COVID-19-related measures and in gathering examples of best practice in trade-related responses to the crisis. Many noted that SMEs were particularly vulnerable to such measures and therefore needed particular support.

Major interventions needed to backstop trade recovery, warns ICC



ICC has warned that proactive government interventions will be needed to ensure the market can power an economic rebound in the wake of the COVID-19 crisis. ICC estimates a possible US$ 5 trillion of trade credit will be needed to enable a rapid recovery from the COVID-19 crisis. Business body warns that trade financing gaps risk hampering a global recovery – impacting the survival chances of small businesses.

Despite early scaling of support measures in response to COVID-19, further public backing for trade credit needed to prime conditions for a trade-driven economic rebound. In a new paper issued 20 May, ICC estimates that as much as US$ 5 trillion in market capacity will be needed to return trade volumes close to 2019 levels in 2021. With the World Trade Organization projecting that the effects of COVID-19 could cause merchandise trade to drop by over 30% this year, ICC has cautioned that a rapid economic recovery will only be possible if sufficient credit is available to bring trade close to its pre-pandemic trend over the next 18 months.

Despite impressive early actions taken by commercial banks and public bodies in response to the initial phase of the crisis, ICC has called on policymakers to proactively scale support for trade finance transactions to prime the market ahead of demand returning to the global economy.

To this end, the global business organization has identified four priority interventions that, if properly calibrated, could immediately bolster financing capacity – ranging from large scale purchases of low-risk trade assets to free up banks' balance sheets to providing targeted capital relief for trade transactions

under global financial stability rules, known as Basel III.

ICC has also called on policymakers to enact emergency legal reforms to avoid delays in the processing of bank-intermediated trade finance products. Building on an earlier memo to central banks and governments, the new paper urges all governments to immediately void legal requirements for trade documents to be presented in hard-copy – with banks facing difficulties maintaining the in-person staffing needed to process paper-based transactions in the context of public health measures to contain the spread of the virus.

ICC statement on resignation of WTO Director General Roberto Azevedo



ICC Secretary General John W.H. Denton AO has issued the following statement in response to the announcement that WTO Director General Roberto Azevêdo will step down from his position in August 2020:

"I want to sincerely thank Director General Azevêdo for his exemplary leadership of the World Trade Organization (WTO) over the last seven years. The business community is naturally saddened by the announcement of his decision to depart the organisation one year before his term expires.

"During Director General Azevêdo's tenure, the organisation has faced many challenges, but has also delivered some significant results. I know he is rightly proud of the conclusion of the historic Trade Facilitation Agreement – a deal that has the potential to make globalisation more inclusive by removing unnecessary costs and delays in international trade.

"Director General Azevêdo's departure comes at a critical time for the organisation and the global trading system. Prior to the COVID-19 crisis, the WTO was already facing significant pressures – and ICC has been clear on the need for a comprehensive reform process to align the multilateral trading system with the realities of 21st Century commerce. Under the Director General's leadership, there have been important practical moves towards reform – including through the use of flexible negotiating structures – but clearly much work remains to be done.

"From a business perspective the strategic importance of the WTO system has only been reinforced by the COVID-19 crisis – not least as a vital defense against unfettered protectionism. I applaud Director General Azevêdo's foresight and selflessness in avoiding any risk that a leadership election next year could distract from the essential decisions governments will need to take to build a more resilient trading system – and, moreover, set firm foundations for renewed economic growth.

"I outlined earlier today how governments can fully utilise trade policy to help businesses weather the ongoing economic crisis and enable a rapid economic recovery as demand returns to the economy. A renewal of the multilateral trading system will be central to delivering on this vision and governments have no room for error in this regard. In this context, we urge all member states to consider the importance business attributes to the WTO when selecting Director General Azevêdo's successor.

"On behalf of the global business community, I wish Roberto all the very best for the next stage in his career."

ICC calls for tailored financial support to Save Our SMEs

ICC – the institutional representative of over 45 million businesses – has called for action to tailor financial support measures to the needs of micro-, small- and medium-sized enterprises (MSMEs) in the context of the COVID-19 pandemic.

In an open letter to finance ministers published on 12 May, ICC Secretary General John W.H. Denton AO said that without adequate and immediate fiscal interventions a significant proportion of MSMEs may be unable to weather the COVID-19 crisis – with potential systemic implications for employment and the functioning of global supply chains.

Highlighting the crucial role that MSMEs play in the functioning of the global economy, the ICC call to action sets out six best practice principles to safeguard the viability of MSMEs based on consultation with ICC's global network in over 100 countries. The principles aim



to ensure enhanced support for MSMEs by increasing the reach and speed of deployment of emergency public funding, based on best practices adopted in recent months by a number governments and international institutions.

"By tailoring the provision of financial support through the channels most used by MSMEs, governments can help to preserve the operations of these businesses and avert a worsening situation of bankruptcies and layoffs," Mr Denton writes. The open-letter forms part of ICC's ongoing "Save our SMEs" campaign and builds on a recent call to action for governments to tailor COVID-19 related support to the needs of MSMEs during the ongoing economic crisis.

10 ways to use trade to Save our SMEs

ICC has issued on 7 May 10 recommendations for how governments can use trade to help micro-, small- and medium-sized businesses (MSMEs) weather the COVID-19 storm. Underscoring the vital role can trade play in helping small business stay afloat and driving a rapid economic recovery, the 10 ways for governments to use trade to Save our SMEs statement calls on governments to take urgent action to Save Our SMEs.

It comprises recommendations for an immediate response to limit the damage caused by the COVID-19 pandemic and short- to mid-term recommendations to mitigate further damage and level the trading playing field to enable MSMEs to build back better.

"MSMEs, which comprise 90% of companies across the globe and more than 50% of the world's total employment, are both heavily exposed to the disruption and critical to the recovery," the paper states. "By enabling MSME participation in international trade we have an opportunity to limit economic losses, protect jobs and set strong foundations for renewed economic growth." As the institutional representative of more than 45 million companies in over 100 countries, ICC has launched the "Save Our SMEs" global campaign to save lives and livelihoods by helping to ensure the continued viability of the world's MSMEs which make up 90% of companies worldwide and over half of global employment.

The 10-point plan also reaffirms ICC's commitment, to work with governments and businesses to help resolve the crisis at hand and build back for a better future.

Cross-border research collaboration and scientific data exchange are essential for confronting COVID-19

The International Chamber of Commerce (ICC) underlines the importance of cross-border scientific research collaboration and timely global scientific data exchange in developing and deploying diagnostics, vaccines, and therapeutics to tackle COVID-19.

Welcoming the recent landmark World Health Organization (WHO) public-private partnership to accelerate development, production and equitable global access to new COVID-19 essential health technologies, ICC highlights the importance of strengthening public-private partnerships, international research collaboration, and facilitating cross-border information exchange for tackling COVID-19 and future human, animal and plant health emergencies.

In a statement issued on 30 April, ICC points out the crucial role of open and timely access to medical and scientific data in enabling real-time progress in the understanding of COVID-19. Full genome data was publicly shared less than 24 hours after the first coronaviruses were sequenced by Chinese public health laboratories, allowing scientists around the world in public and private sector research to immediately start working on candidate medical countermeasures. To support the on-going response to COVID-19 and prepare for future pandemics, ICC calls upon policymakers to ensure that regulations do not undermine the open data exchange and legal certainty necessary to international scientific collaboration and research in both the private and public sector.

Facilitating and supporting international research collaborations and information exchange on an on-going basis is necessary to build the necessary foundation for tackling future emergencies and more globally diverse research capacity.

How banks are going digital to manage COVID-19

ICC has issued a collection of rapid response measures by trade finance banks to keep trade finance and trade flowing in the face of COVID-19. Trade and trade finance operations require significant back-office operations to process paper-based transactions. With shipping, in-person contact and travel all increasingly disrupted as a consequence of the COVID-19 pandemic, financial institutions have been putting in place measures to enable transactions and the continuity of trade.



Collating data from ICC, the International Trade and Forfaiting Association (ITFA) and the Bankers Association for Finance and Trade (BAFT), ICC's Digitalisation Working Group has published on 23 April a practical reference guide outlining ad hoc practices being implemented by financial institutions in response to the COVID-19 pandemic. Responding institutions span Asia, Europe, the Americas, the Middle East and Africa. They include the top 10 global trade banks as well as other banks actively engaged in trade and trade finance globally.

The ad hoc practices being implemented by financial institutions in response to COVID-19 are unique in that they target the singular problem of how to keep trade flowing when paper-based transactions are difficult or impossible due to reduces physical interactions. Given the rapidly changing environment, practices are continually being improved. The ICC paper therefore does not set out best practices but aims to be a practical reference document comprising trusted information about measures put in place to continue the flow of trade and trade finance when paper transfer has become difficult or impossible.

Looking beyond the crisis, the document underlines that many of the 'rapid response' quasi-digital solutions in place or being put in place currently will be re-examined and likely withdrawn post-crisis, the ICC document states: "…if lessons are learned, this experience will positively change how banking and trade finance is originated, transacted and settled. The experience of rapid digitisation should not go to waste. Both [financial institutions] and corporates will need to re-engineer business processes following COVID-19. And we strongly believe that governments will be an enabler for this."

ICC releases set of tax measures to save small businesses in response to COVID-19

The International Chamber of Commerce (ICC) has released on 21 April a set of tax measures to support business continuity and minimise economic disruption caused by COVID-19.

Micro-, small-, and medium-sized enterprises (MSMEs) are the backbone of the global economy, accounting for 90% of businesses and more than 50% of employment worldwide. As part of a global call to take urgent and decisive action to Save Our SMEs, ICC has outlined key tax measures that governments can implement to ensure stimulus efforts flow rapidly into the real economy and provide direct and immediate support.

The statement outlines short-term measures to reduce compliance burdens, including flexibility in extending deadlines for tax filing payments, and measures to increase the short-term liquidity of MSMEs. These include measures such as the deferral or waiving of tax payments, flexibility measures for debt payments, temporary tax refunds, and cash-flow assistance to MSMEs.

Looking ahead, the statement also calls for additional assistance to MSMEs to bolster the post-COVID-19 economic recovery. "Given the cross-border nature of supply chains, such stimulus and safeguard measures should be taken in a coordinated manner at both the national and international levels," the paper states.

Tax measures outlined in the statement aim to provide direct and immediate support to MSMEs as they continue to navigate the economic fallout associated with COVID-19. As countries consider a broad range of policy tools to effectively respond to the crisis, the ICC statement serves as a best-practice guide against which governments can benchmark their support measures. ICC also supports the Organisation for Economic Co-operation and Development's (OECD) targeted and temporary tax policy and tax administration measures to relieve the economic repercussions of the pandemic. The OECD maintains a useful compilation of tax measures that governments have taken to help preserve business continuity and curb the negative effects of COVID-19.

The ICC statement is issued alongside a broader set of tax measures and policy considerations aimed at supporting businesses as they adapt their operations to address the challenges posed by the pandemic.

The statement urges national governments to avoid unilateral taxes that adversely harm cross-border transactions and underscores the need for an extraordinary fiscal response to the situation as well as on-going coordination and review within the G20. The statement considers the implications of the pandemic with respect to ongoing efforts within the context of the OECD Inclusive Framework to reform international tax rules as a result of digitalisation, and supports continued global co-ordination to help promote harmonisation in international tax policy and provide increased tax certainty for businesses. The statement includes a range of provisions for national tax administrations to consider implementing, such as flexibility in extending deadlines for tax filing and payments.

These measures will support businesses and enable a coordinated response to effectively contain the potential human and economic toll of COVID-19.

Global business, workers and civil society unite in call for emergency debt relief to save lives and livelihoods

ICC, ITUC and Global Citizen call for World Bank and IMF Spring Meetings to take debt out of the COVID-19 equation.

In an open letter issued on 10 April, the International Chamber of Commerce (ICC), the institutional representative of over 45 million businesses, the International Trade Union Confederation (ITUC), the global voice of the world's working people, and Global Citizen, a movement of engaged citizens who use their collective voice to end extreme poverty by 2030, have urged Finance Ministers to use next week's Spring Meetings of the World Bank Group and International Monetary Fund to ensure sovereign debt does not stymie efforts to combat COVID-19.

With many developing countries now facing a decision to either service sovereign debt obligations or pay to safeguard the lives and livelihoods of their citizens, the letter calls on finance ministers to provide immediate relief from debt servicing obligations and fund the Catastrophe Containment Relief Trust.

The letter states: "No country should have to choose between servicing sovereign debt repayments or paying nurses and purchasing ventilators, and multilateral response financing should not be diluted by payments to official and private creditors."

Joining forces in their call for the Spring Meetings to coordinate emergency action on debt, John W.H. Denton AO, ICC Secretary General, Sharan Burrow, ITUC General Secretary and Hugh Evans, CEO of Global Citizen write:

"Without urgent action, we see a fundamental risk that a series of debt defaults will further exacerbate the unprecedented economic downturn already unfolding before us and deliver a fatal blow to the achievement of the Sustainable Development Goals."

The leaders underscore that failure to urgently address the debt and financing needs of developing countries could result in a fundamental collapse of social and economic systems in addition to large scale loss of lives and livelihoods.

"As representatives of the world's workers, businesses and civil society, we cannot let this happen," the letter concludes.

ICC Court issues COVID-19 guidance note for arbitral proceedings

The ICC International Court of Arbitration has released a Guidance Note outlining a range of measures to help mitigate the effects of the COVID-19 pandemic on arbitral proceedings.

The Guidance Note provides support to parties, counsel and arbitral tribunals in ICC Arbitrations on the challenges currently faced in ensuring fair, timely and efficient resolution of disputes. It was prepared by a working group comprising Vice-President of the ICC Court Marnix Leijten (Working Group Chair), ICC Court President Alexis Mourre and other Vice-Presidents, members of the ICC Governing Body for Dispute Resolution Services and the Secretariat of the ICC Court.

Mr Mourre said: "In these exceptional times, it is of great importance that, parties and arbitrators get together to revisit our established practices in order to ensure the continued efficiency and fairness of ICC Arbitration. I would like to thank our working party for preparing the detailed and balanced guidance that we are releasing today (9 April)."

The Guidance Note highlights factors relevant in assessing ways to mitigate COVID-19- related delays in the context of the ICC Arbitration Rules, including guidance on the possibility to organise virtual hearings. Two annexes of the Note provide a checklist for a protocol on virtual hearings and suggested clauses for cyber-protocols and procedural orders dealing with their organisation.

Secretary General of the Court Alexander G. Fessas said: "ICC has been quick to respond to the global emergency that is the COVID-19 pandemic. It is our hope that the Guidance Note, released by the ICC Court, will assist parties, counsel and arbitrators in tackling possible procedural and administrative disruptions in the context of efficient and fair arbitral proceedings."

ICC provides guidance to the trade finance market to address COVID-19 disruptions

ICC has issued two guidance publications on 6 April to help governments and regulators deal with trade finance market disruptions caused by COVID-19.

Responding to the urgent need to address the disruptions facing the trade finance market as the world grapples with the novel coronavirus (COVID-19) pandemic, the International Chamber of Commerce (ICC) has provided holistic guidance to the market, governments and regulators through two official publications.

Trade finance transactions rely almost exclusively on hard-copy paper documentation to process payments and, ultimately, clear the release of goods to buyers. This is because, in many jurisdictions, electronic trade documents are either prohibited or their legal status is unclear. Yet with banks unable to handle documents in-person as government authorities seek to limit COVID-19 transmission, there is a risk that the underlying trade in goods, including essential medical and food products, will be further disrupted.

ICC has responded to this issue with both technical guidance to practitioners and a roadmap for regulatory reform for policymakers.

The first ICC publication, Guidance paper on the impact of COVID-19 on trade finance transactions issued subject to ICC rules, provides technical guidance to the market on elements to consider in adapting ICC rules for specific trade finance instruments, gives a certain level of flexibility in the monitoring of transactions in respect of ICC rules, and outlines common scenarios experiences in the delivery of documents during the public health measures undertaken in response to COVID-19.

Comprehensive in its guidance, the paper reviews provisions from several ICC rules, namely the Uniform Customs and Practice for Documentary Credits (UCP 600) and its eRules (eUCP 600 2.0), the Uniform Rules for Demand Guarantees (URDG 758), the Uniform Rules for Collections (URC 522) and its eRules (eURC 522), the Uniform Rules for Bank-to-Bank Reimbursements under Documentary Credits (URR 725) and the Uniform Rules for Bank Payment Obligations (URBPO 750).

The second publication, ICC memo to governments and central banks on essential steps to safeguard trade finance operations, outlines the impact of necessary public health interventions to tackle COVID-19 on the processing of paper-based trade finance transactions, and calls for immediate regulatory intervention to ensure the continued functioning of the trade finance market.

ICC is therefore calling on governments and central banks to immediately void the legal requirement for paper-based documentation, and to adopt the UNCITRAL Model Law on Electronic Transferable Records.

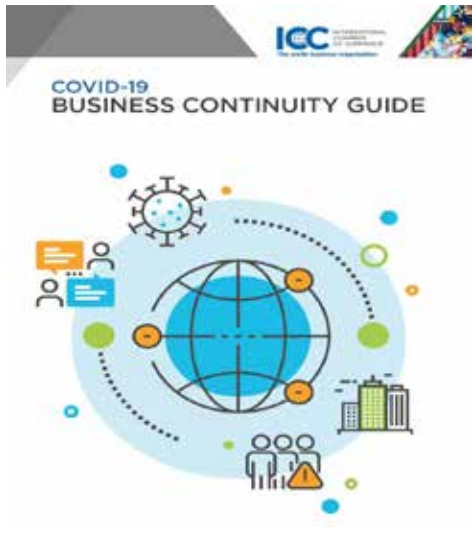
ICC publishes COVID-19 Business Continuity Guide

ICC has issued on 3 April a practical guide to build business resilience in the face of the COVID-19 pandemic.

The free-to-download guide is based around four key principles – Plan, Adapt, Monitor and Assess (PAMA) – to help businesses become as resilient as possible in the face of the COVID-19 global health crisis.

This high-level guide features practical tips on how to build a resilience strategy including questions that will help identify supply chain risks. The guide also includes a sample business continuity scenario analysis and a business unit continuity analysis template.

The coronavirus (COVID-19) global health crisis is also becoming a global economic crisis impacting or threatening to impact businesses all over the world. As the trusted institutional private sector partner to business, governments and international organisations is developing tools for business and policymakers, in line with its commitments to help chart an effective international response to the pandemic.



ICC and the World Chambers Federation have recently launched a global campaign to "Save Our SMEs" to combat the economic repercussions of the COVID-19 pandemic.

Bangladesh Economy

Parliament approved Tk 568,000 crore budget for FY21

Parliament on 30 June passed the Tk568,000 crore national budget for FY21, with the slogan 'Economic Transition and Pathway to Progress' to attain 8.2% GDP, which has been revised to 5.2% in line with maintaining a 5.4% inflation for the next fiscal year overcoming all the challenges and impacts of the Covid-19 global pandemic.

The total allocation for operating and other expenditures is estimated at Tk3,62,855 crore, while the allocation for the annual development programme (ADP) is Tk2,05,145 crore. The government set the target of total revenue income in FY21 at Tk3,78,000 crore. Of this, Tk3,30,000 crore will be collected through the NBR. Tax revenue from non-NBR sources has been estimated at Tk15,000 crore, while the non-tax revenue at Tk33,000 crore. The overall budget deficit has been estimated at Tk190,000 crore, which is 6% of the GDP, up from 5% in the last fiscal year.

Out of the total deficit, Tk80,017 crore will be financed from external sources, while Tk1,09,983 crore from domestic sources of which Tk84,983 crore will come from the banking system, and Tk25,000 crore from savings certificates and other non-bank sources.

Allocation for the social infrastructure sector in the proposed budget is Tk1,55,536 crore, which is 27.38% of total allocation, in which allocation for human resource sector (education, health and other related sectors) will be Tk1,40,222 crore.



Taka one crore=Taka ten million

Besides, the allocation proposed for the physical infrastructure sector will be Tk1,67,011 crore or 29.4%, in which Tk69,553 crore will go to overall agricultural and rural development, Tk61,435 crore to overall communications, and Tk26,758 crore to power and energy. A total of Tk1,40,265 crore has been proposed for general services, which is 24.69% of the total allocation.

An amount of Tk36,610 crore has been allotted for public-private partnership (PPP), financial assistance to different industries, subsidies and equity investments in nationalized corporations, banks, and financial institutions, which is 6.45% of the total allocation.

As per the ministry and division-wise allocation, the Local Government Division received a proposed budgetary allocation of Tk36,103 crore, followed by Tk22,883 crore to the Health Services Division alongside Tk6,362 crore to the Ministry of Health and Family Welfare, Tk29,442 crore to the Road Transport and Highways Division, Tk24,853 crore to the Power Division, Tk15,442 crore to the Ministry of Agriculture, Tk33,118 crore to the Secondary and Higher Education Division, Tk24,937 crore to the Ministry of Primary and Mass Education, and Tk34,842 crore to the Ministry of Defence.

To fulfil emergency requirements, a Tk10,000 crore lump sum amount has been allotted to fight Covid-19. The government has allocated Tk95,574 crore for the social safety net programs, which is 16.83% of the total budget and 3.01% of GDP in FY21.

COVID-19 Fallout: Tk 72,750cr bailout plan

PM unveils the package to help offset economic shock

Prime Minister Sheikh Hasina on 5 April announced four new stimulus packages of Tk 67,750 crore to overcome the possible economic shock from the ongoing shutdown enforced to prevent the coronavirus spread. With the previously announced Tk 5,000 crore stimulus package, the amount of the whole package now stands at Tk 72,750 crore.

The announcement was made at a press conference held at her official residence the Gonobhaban which was arranged to brief journalists about the possible impacts of the coronavirus outbreak on the national economy and the ways to face the upcoming challenges. "I hope our economy will rebound and we could reach near the desired economic growth, if the stimulus packages, the previous and the fresh ones, could be quickly implemented," she said.

The premier said the government simultaneously took four programmes under the work plan to be implemented in phases categorised as "immediate, short and long". "The four programmes are: increasing public expenditure,



formulating a stimulus package, widening social safety net coverage and increasing monetary supply," she said.

In the four new packages, Sheikh Hasina said her government would provide working capital of Tk 30,000 crore for the Covid-19 affected industries and service sector institutions. The commercial banks will provide the loans from their own resources to the industries or business entities concerned on the basis of bank-client relationship.

The interest rate of this loan facility will be nine percent, of which the loan takers will provide 4.5 percent while the government will provide the rest of the interest to the respective banks as subsidy. In the second package, which will be for the small and medium industries, the government will provide Tk 20,000 crore as working capital.

In the third package, the Bangladesh Bank will expand its EDF (Export Development Fund). Aiming to increase the facility for importing raw materials under the back-to-back LC system, the central bank will enhance its EDF facility from $3.5 billion to $5 billion. As a result, some Tk 12,750 crore, equivalent to $1.5 billion, will be added to the respective fund.

The current interest rate of the EDF is LIBOR (London Inter-Bank Offer Rate) + 1.5 percent (which is 2.73 percent in total). It will be decreased to two percent, she said. For the last package, the PM mentioned that Bangladesh Bank will introduce a new loan facility system titled "Pre-shipment Credit Refinance Scheme". The amount of this loan facility will be Tk 5,000 crore in total where the interest rate will be seven percent.

While addressing the nation on March 25 on the occasion of the Independence and National Day 2020, Hasina announced a stimulus package of Tk 5,000 crore for export-oriented industries to fight the adverse impact of coronavirus on the economy. This money will be used for providing the salaries and wages of workers and employees only.

"The total amount of these stimulus packages will be Tk 72,750 crore which will be 2.52 percent of the GDP," she said. Hasina hoped that the country's economy would bounce back if the stimulus packages are implemented quickly. "And we'll be able to go close to the desired economic growth, Inshallah." She also put emphasis on giving special attention to local products beside the export-oriented sector to overcome the possible global and domestic economic crisis. In this connection, the prime minister urged all to increase production and the use of local products.

Forbes lauded Bangladesh PM for COVID-19 Efforts

Forbes, an American business magazine, featured eight women global leaders, including Prime Minister Sheikh Hasina, who "deserve to be recognised" for their efforts in dealing with Covid-19 challenges to reshape the future. Bangladesh, a country of some 161 million people, led by Hasina, is no stranger to crises, the magazine said.

She was quick off her feet standing up to this one, with a response the World Economic Forum called "admirable". Hasina, the country's longest-serving prime minister, started evacuating Bangladeshi citizens from China in early February. After the first case was diagnosed in early March, she closed educational institutions and nudged all non-essential businesses to go online.

Then she harnessed tech, installing screening devices across international airports which screened some 650,000 people (of which 37,000 were immediately quarantined), something the UK still is not doing, the article reads. Both Singapore under President Halima Yacob and Hong Kong, China, under Chief Executive Carrie Lam, have been globally admired for their early and highly effective lead in getting ahead of the crisis, it said.

Now Singapore is scrambling with a second-wave whiplash, while Lam has done better at nipping resurgence in the bud. Different

cultures and issues in every country mean responses will never be a one-size fits all.

Women now govern 18 countries and 545 million people globally. That is 7 percent of the world's population (Exactly the same percentage, by the way, of women CEOs on the Fortune 500.) From Bangladesh and Ethiopia, to Georgia and Singapore, women are emerging into political leadership across the globe. And this revelatory crisis is showing their talents.



Central Bank package for farm sector

The central bank is set to create a large bail-out package for farmers following the signs of collapse in the farm sector. Reports said the central bank has taken an initiative to form a large bailout package for hard-



hit farmers who are experiencing hardship from complete collapse of demand for their produce due to the countrywide shutdown. The bailout package is to the tune of Tk 50.0 billion.

Prime Minister Sheikh Hasina on 19 April announced the new stimulus package to provide financial assistance for small and medium farmers in rural areas to boost agricultural production in order to offset the impact of Covid-19. "Bangladesh Bank will formulate a new refinancing scheme of Tk 50 billion to pump running capital into the agricultural sector. We'll create this stimulus package only for the agricultural sector," she said. The money from this fund will be disbursed among small and medium farmers, including that of poultry and dairy sector, in rural areas, she added.

The PM simultaneously announced allocation of an increased amount of Tk 90 billion as a subsidy in fertiliser in the next budget as part of government strategy to minimise the impact of the deadly virus on the economy by enhancing yield.

According to reports, the government's plan is to provide farmers in various fields of the farm sector with loans at 5.0 per cent interest, as against the existing interest rate of 9.0 per cent. A fresh refinance scheme will be constituted to implement the package, from which banks will take funds without any interest. In addition, the central bank will give subsidy of 2.0 per cent to banks in order that they can enjoy returns of 5.0 per cent from the lending. The refinance scheme will be composed of BB's own funds. The 2.0 per cent subsidy will be given to banks from the central bank's profits, as per the BB's draft guidelines. The duration of the refinance scheme will be one year, but it could be extended depending on the situation.

The Bangladesh Bank's proposed guideline stipulates that banks will have to give out 50 per cent of the funds from the bailout package for harvesting. The amount banks will disburse from the refinance scheme will not be added to their annual farm loan target.

Tk 2,500cr to help the youth, expatriates

Prime Minister Sheikh Hasina on May 14 announced that the government would provide Tk 2,500 crore to two specialised banks to help the youths and expatriate Bangladeshis who became jobless amid the coronavirus pandemic. She also declared that the government would give financial assistance to all mosques and 7,000 more Qawmi madrasas before the Eid-ul Fitr.

The PM made the announcements while launching the disbursement of Tk 1,250 crore cash assistance among 50 lakh low income families hit hard by the Covid-19 pandemic. Speaking at the programme through videoconferencing from the Gono Bhaban, Hasina said underprivileged people like those from the hijra (third gender) and bede (gypsy) communities would also be provided with financial help. She also opened the distribution of stipend and tuition fees from her education assistance trust fund among the students of bachelor's degree and its equivalent courses of 2019 academic year through mobile/online banking.

The premier said the government has relaxed the nationwide Covid-19 shutdown to some extent for the sake

of the people's livelihood. "Though the infection rate might increase slightly for relaxing the restrictions, I hope we will be able to bring it under control." "If we compare with the developed countries, our healthcare services showed adequate efficiency. That's why we have been able to keep the disease under control to a large extent," she said.

The PM said her previous government during its 1996-2001 tenure had established the Karmasangsthan Bank with an aim so that the youths become self-reliant by taking loan from this bank without any security and at a low interest rate. "An amount of Tk 2,000 crore will be given to the bank to increase its loan amount so that our youths do not roam around remaining unemployed. Rather, they would be able to do business by taking more credit from the bank."

Hasina said expatriate Bangladeshis send huge amount of remittance to the country every year. "So, we had founded another specialised bank named Probashi Kalyan Bank so that the people can go abroad by taking loan from the bank instead of selling properties." She said the government had earlier given Tk 400 crore to the bank. "Now we are giving another Tk 500 crore as many Bangladeshis returned home from abroad due to the Covid-19 pandemic."

The PM said the government does not want the expatriates to go through ordeals by staying abroad. "If they wish to return home, they will come back and that's why we have allocated the money so that they can do something here by taking loan from the bank." She said the government has given financial assistance of about Tk 10 crore to 6,865 Qawmi madrasas having orphanages ahead of the Ramadan.

"In the second phase, we will provide financial support to 7,000 more such madrasas ahead of the Eid-ul-Fitr. We are taking these steps so that the people of any class don't remain neglected." Hasina said the government would also provide financial assistance to all mosques before the Eid.

"We know that the mosques are run with donations from the affluent people and the mosque committees. But we also have a responsibility in this regard. We have asked the authorities to prepare a list of the mosques… we will give financial assistance to all mosques." She said the government has appointed 2,000 doctors and 6,000 nurses so that the coronavirus-affected people get proper treatment and services.

"We'll recruit more manpower like health technologists. The health ministry has been given instructions in this regard and they will assess what types of manpower they need." The PM said the well-off people have come forward alongside the government to extend their support to the distressed people.

Relief goods were also being distributed on behalf of the Awami League so that no one suffered for want of food and treatment, she added. She called upon the people to keep confidence and mental strength and be ready to face any situation. She urged all to follow the health guidelines properly to protect themselves from Covid-19.

Hasina thanked the health workers, including doctors and nurses, officials of the administration, members of the armed forces and law enforcement agencies, saying that they have been working round the clock to contain the spread of the disease, putting their lives at risk. While inaugurating the distribution of stipend and tuition fees among students, the PM elaborated on various steps taken by her government for the development of education sector.

"We have given the highest importance to education as educated nation is required to build a poverty-free nation," she said, adding that the government has taken steps to reach education to the people's doorsteps. Through the mobile and online banking, stipend and tuition fees of Tk 111,40,43,800 will be disbursed among 2,09674 students of bachelor's degree and its equivalent courses.

Education Minister Dipu Moni joined the video conference from her ministry, while Deputy Minister for Education Mohibul Hasan Nowfel was present at the ministry. The premier later exchanged views with the beneficiaries of the cash assistance programme from Barguna, Shariatpur, Sunamganj and Lalmoniraht.

75 firms get Central Bank nod to borrow funds from stimulus package

Seventy-five companies, including some large groups, have secured approval from the central bank to receive low-cost loans under the stimulus package dedicated to big borrowers in the industrial and service sector. Banks have begun applying to the central bank from May 4, seeking consent so that the companies can get the funds as they set off to make a turnaround from the ongoing economic fallout brought on by the coronavirus pandemic. The companies, which include Bangladesh Steel Re-Rolling Mills (BSRM), the largest steel-maker in the country, GPH Ispat, another steel-maker, Runner Automobiles and Shanta Holdings, have bagged approval to borrow nearly Tk 2,080 crore from the Tk 30,000-crore stimulus package.

The central bank took a decision on April 12 to introduce the stimulus package, allowing banks to get an interest subsidy of 4.50 per cent on disbursed loans, which the end-users will get at 9 per cent.

The banking regulator later formed a refinance scheme of Tk 15,000 crore for the large borrowers as well, much to the relief of the cash-strapped

banking sector that had been fretting about implementing the large package.

BANKS THAT DISBURSED LOANS SO FAR
(LARGE INDUSTRIES)
In crore Tk; As of June 18

Sonali Bank	1,000
Eastern Bank	354
City Bank	350
EXIM Bank	170.5
Trust Bank	141.7
Mercantile Bank	27
Agrani Bank	19
Rupali Bank	10.20
IFIC Bank	4.7
TOTAL	**2,077**

TOP 10 BORROWERS THAT GOT NOD FOR STIMULUS PACKAGE LOANS
In crore Tk; As of June 18

Biman Bangladesh Airlines	1,000
Bangladesh Machine Tools Factory	115.70
City Sugar Industries	95
BRB Cables	45
Shah Cement Industries	45
General Pharmaceuticals	35
TVS Auto Bangladesh	30
KSRM Steel Plant	30
Amtranet Group	30
Incepta Pharmaceuticals	25

Under the refinance scheme, lenders will get funds in the form of working capital at 4 per cent interest from the BB and the end-users will get at 9 per cent. In order to receive the refinance scheme, banks will have to give at least 50 per cent of each loan to industrial and service sector borrowers from their own sources.

BSRM got the permission to borrow Tk 17.50 crore, GPH Ispat Tk 15 crore, Runner Automobiles Tk 10 crore, Shanta Holdings Tk 25 and Ifad Autos Tk 15 crore. The funds would be disbursed in the form of working capital and carry a maximum repayment tenure of one year. Only 10 companies had managed approval from the central bank last month, but the affected corporate entities have taken initiatives to secure the loans since the beginning of June.

City Bank has accepted applications from 76 corporate organisations to provide loans worth Tk 1,023 crore. Of the applicants, 18 obtained the central bank's nod to borrow a combined of Tk 350 crore, said its managing director Mashrur Arefin. "We have selected good borrowers to offer the low-cost loans. This will help them pick up businesses," he said.

City Bank will get around Tk 500 crore from the central bank's scheme. "We will apply for this in the quickest possible time," Arefin said. Only one bank – IFIC – has so far requested the BB for the release of the fund against its lending, said a BB official. The private commercial bank has lent Tk 4.70 crore to three companies.

"A good number of lenders have yet to disburse the funds despite receiving approval from the central bank. So, the claim from the refinance fund is still low, but it will get a tempo soon," the central banker said. Eastern Bank has selected a good number of clients for loans amounting to Tk 985 crore, said its managing director Ali Reza Iftekhar. The bank has obtained approval to give out Tk 354 crore in favour of 29 companies.

"The corporate entities should use the funds properly within the shortest possible of time to give a boost to their businesses," said Iftekhar, also the chairman of the Association of Bankers, Bangladesh, a forum of managing directors of private banks.

The affected companies are now submitting applications in a quick manner and the central bank is also giving feedback promptly, he said. The banker, however, said the recovery of the companies would largely depend on bringing the pandemic under control.

Source : The Daily Star

Central Bank eases stimulus rules for large companies

The central bank has relaxed guidelines, allowing scheduled banks and non-bank financial institutions (NBFIs) to provide loans under the financial stimulus package to large industries and services in phases within three years.

Following the relaxation, all the scheduled banks and NBFIs will be eligible to provide the loans, maximum 30 per cent, as working capital from the existing credit limit of customers concerned within three years in phases instead of single disbursement, according to a notification, issued by the Bangladesh Bank (BB) on 25 June.

The central bank earlier issued the guidelines to implement the government announced Tk 300 billion stimulus package for large industries and services. Prime Minister Sheikh Hasina has so far announced a total of 19 stimulus packages amounting to Tk 1.03 trillion to offset impact of the coronavirus pandemic on various sectors of the country.

The packages, which worth 3.7 per cent of the country's gross domestic product (GDP), will be implemented under supervision of the central bank and the Ministry of Finance.

Stimulus packages worth 6pc of GDP is needed: study

Bangladesh needs to spend Tk 10,085 crore per month to support the poor and the newly poor struggling to survive amid the coronavirus pandemic, suggested a new study. Due to the income shock emanating from the pandemic, 77.2 per cent of the vulnerable non-poor fell below the poverty line, said the survey report styled "Livelihoods, Coping, and Support during COVID-19 Crisis".

This would imply that beyond the 20.5 per cent of the population officially recognised as poor there is a group of 'new poor' representing an additional 22.9 per cent of the population that needed to be brought within the discussion on poverty. In reality, this percentage would be somewhat greater because even a portion of the households above the median income also fell into poverty.

"Providing assistance to such a large number of people within a short time efficiently and effectively will be a critical question," said the survey report, which had a sample size of 5,471 households evenly split between rural and urban areas. The Power and Participation Research Centre (PPRC) and the Brac Institute for Governance and Development (BIGD) concluded the telephonic rapid response research project on the economic impact of the pandemic.

Hossain Zillur Rahman, executive chairman of the PPRC, and Imran Matin, executive director of the BIGD, shared the findings of the research at a virtual discussion. All indicators of vulnerability indicate that the urban poor has been more severely impacted by the crisis. This is particularly an area of concern because social protection programmes in Bangladesh has mainly focused on the rural poor, it added.



As per the study, the country would require more than Tk 33,000 crore to support the poor and new poor for three months. "And this is quite a big amount of money," said Shamsul Alam, a member of the General Economics Division of the planning ministry. Almost half the population needs entitlement support, said SR Osmani, professor of development economics at Ulster University. "They have to be supported for quite a long time."

Bangladesh would require almost 4 per cent of GDP to support the people for three months. The stimulus packages that the government has announced amount to about 4 per cent of GDP. "But a huge part of the packages is actually loans that have to be repaid," Osmani said, adding that the actual fiscal cost of the stimulus packages announced would not be more than half a percentage of GDP as most of the costs to be incurred by the government are interest subsidies. Those packages should be raised to 1 per cent of GDP. Another 1 per cent of GDP should be needed for the healthcare system.

So, altogether, Bangladesh needs to put in place a support measure amounting to 6 per cent of GDP, according to Osmani. "If you want to manage the health crisis properly and want to reopen the economy safely, you must have complete support for half of the population for nearly three to four months.

If people don't get support, they will stop staying at home. If they start going back to work prematurely, the health crisis would worsen. Then you will have to need to impose restrictions again," he added.

The incentive packages that the government has announced are largely being offered through the banking mechanism as subsidised loans, said Rehman Sobhan, chairman of the Centre for Policy Dialogue.

How far this is going to translate into actual productive activity and feed into responding to some of the consumption and saving needs of the beneficiaries is an open question. "It will put the entire risk of the incentive package on the already very vulnerable banking system with high degrees of default and financial indiscipline," Sobhan added.

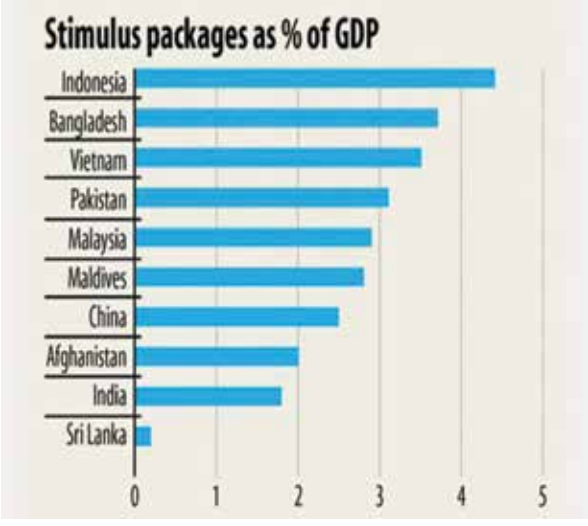
Source : The Daily Star

Bangladesh's stimulus packages second highest among peer countries

Bangladesh's stimulus packages aimed at mitigating the impact of the coronavirus pandemic are one of the highest among a selective group of countries in Asia, according to a government paper. The government has announced 19 stimulus packages amounting to Tk 103,117 crore since it reported the country's maiden

cases of coronavirus infections on March 8.

The combined support accounted for 3.7 per cent of the country's gross domestic product (GDP), according to the mid-term macroeconomic policy statement of the finance ministry.



Among the select group of countries, Bangladesh only lags behind Indonesia in terms of stimulus packages compared to GDP. The Southeast Asian country has announced stimulus packages worth 4 per cent of GDP.

Vietnam has declared stimulus packages amounting to 3.4 per cent of GDP, Pakistan 3.1 per cent, Malaysia 2.8 per cent, the Maldives 2.8 per cent, China 2.5 per cent, Afghanistan 2 per cent, India 1.1 per cent and Sri Lanka 0.2 per cent.

Bangladesh's stimulus packages have been provided in the form of low-cost loans to affected micro, small, medium and large industries and services, food security, social protection, special allowances and incentives as the pandemic-induced shutdown paralysed the economy, destroyed millions of jobs and created new poor.

Amidst this unprecedented global crisis, the prime minister has announced several stimulus packages to stand by the poor and helpless people, keep the momentum in economic activities and bring back the trend in growth and development, finance minister said. "These are akin to the bold steps she took to save the country during the Asian Financial Crisis in 1997 and the Global Recession in 2009."

Of the stimulus packages, Tk 5,000 crore went to the export industry, Tk 20,000crore to the micro, small and medium enterprises, Tk 30,000 crore to large industries and services, and Tk 5,000 crore to the agriculture sector.

Enterprises with shortages of working capital, which, in turn, could force them to go for downward adjustment and operate with fewer people, said the Centre for Policy Dialogue on 12 June. Timely disbursement of credit among the affected farmers, vegetable producers, small dairy and livestock farmers, fruit-growers and shrimp farmers are urgently needed, the think-tank said.

Altogether, Bangladesh needs to put in place a support measure amounting to 6 per cent of GDP, said SR Osmani, professor of development economics at Ulster University, during a virtual discussion recently. The real challenges lie in implementing the stimulus packages, according to experts.

Source : The Daily Star

Bangladesh is 9th strongest among emerging economies in coronavirus peril : The Economist

The Economist, a globally acclaimed magazine for economic and political analyses has placed Bangladesh on the ninth position in terms of different indicators of financial strength among 66 emerging markets in peril over the coronavirus crisis. China is just behind Bangladesh while Botswana has been placed first, according to the rankings published by the magazine on 2 May.

The others ahead of Bangladesh are Taiwan, South Korea, Peru, Russia, Philippines and Thailand. The Economist has ranked the countries using four potential sources of peril. These include public debt, foreign debt, and borrowing costs. It has also calculated their likely foreign payments this year and compare this with their foreign exchange reserves.



Bangladesh is not weak in terms of any of the four criteria. The strongest countries, such as South Korea and Taiwan, are overqualified for the role of emerging markets, said the report titled "Which emerging markets are in most financial peril?" Many bigger economies, including Russia and China, also appear robust. Most of the countries that score badly across all the indicators tend to be small. The bottom 30 account for only 11 percent of the group's GDP, and less than a quarter of both its foreign and its public debt, the Economist report said.

Over the course of 2020, the 66 economies will have to find over $4trn to service their foreign debt and cover any current-account deficits. Excluding China, the figure is $2.9trn. But this leaves out the buffers that emerging economies have accumulated. The governments hold over $8trn in foreign-exchange reserves. Half have enough reserves to cover all of their foreign-debt

payments due this year and any current-account deficits, the report added. South Asian giant India ranked 18th, Vietnam 12th, Indonesia 16th, Malaysia 25th, Pakistan 43rd and Sri Lanka 61st.

ADB provided $1.34 m to avoid skills trainees' drop out due to Coronavirus

The Asian Development Bank (ADB) has provided $1.3 million financial assistance to avoid trainees from dropping out of the ongoing training under Skills for Employment Investment program (SEIP). The SEIP is providing sector-focused and job-ready skills training through partnerships with public institutes, industry associations and other organizations, covering skills requirements in 10 industry sectors, according to a Press Release issued on 2 April.



Each of the 22,619 current trainees will get BDT 5,000 as one-time assistance. "The COVID-19 pandemic has caused adverse impacts on the trainees' livelihood and this assistance will help the trainees to continue their training as they are from poor households and chances of their dropping out are high due to the prolonged COVID-19 lock down ", said ADB Country Chief.

"We have requested the Government to transfer the money timely to the trainees through their bank accounts", Country Director Mr. Parkash added.

The assistance is additional to the $350,000 emergency grant approved on 27 March, and other ADB support package being put together in the health and financial sectors for tackling Covid-19 challenges in Bangladesh.

ADB has announced measures to help its developing member countries tackle the Covid-19 pandemic. On 18 March 2020, ADB announced a $6.5 billion initial package to address the immediate needs of its developing member countries as they respond to the COVID-19 pandemic.

An emergency grant of $350,000 was approved on 27 March to support Bangladesh to procure health safety materials including personal protective gears, N95 masks, safety googles, aprons, thermometers, and biohazard bags.

Government request ADB for $1.25b

Finance minister AHM Mustafa Kamal on 20 April requested the Asian Development Bank to provide the government of Bangladesh with $1.25 billion in loans to offset adverse impacts of the coronavirus outbreak that has destabilised the economy and employment.

The loans including $1 billion as budget support would be utilised from the next fiscal year starting from July, Finance Minister told ADB president Masatsugu Asakawa at a meeting over telephone. Mustafa Kamal also sought $100 million for frontline health service providers and $150 million for employing jobless expatriates and locals, according to a finance ministry press release.

Finance Minister thanked the ADB President for the commitment of $602.39 million immediate assistance to meet the challenges of the coronavirus outbreak. He told the ADB president that almost all kinds of financial activities across the country had come to a halt due to general holidays announced by the government to ensure physical distancing and prevent spreading of the virus. The inflow of remittance that provides a cushion to the country's balance of payment and supporting domestic demand is under threat of deceleration like exports and imports, he noted.

The ADB president, according to the press release, hailed the Bangladesh's stimulus packages worth Tk 95,619 crore equivalent to 3.3 per cent of the country's GDP. The ADB president assured Mustafa Kamal of considering the requests that also included waiving the commitment charge with the disbursement of ADB loans to the country's development projects. The two also discussed ADB-financed ongoing projects and the projects in the pipeline and Asakawa asked for measures for faster implementation of the projects.

At present, there are 63 ongoing projects with ADB financing of about $8.7 billion. The lender has committed another $9.94 billion for 81 projects that are in pipeline.

The ADB chief has taken into cognisance the help Bangladesh needs and would inform the country on time after assessing the proposals, the press release said. A development partner of Bangladesh since 1973, the ADB has extended financial assistance amounting to $25.14 billion so far to the country. The ADB was one of the first multilateral organisations that categorically said how much Bangladesh's economy would bear the brunt of the pandemic.

BD economy expected to grow 7.5pc in FY2021 after pandemic-induced slowdown: ADB

Bangladesh's gross domestic product is expected to grow by 4.5 per cent in fiscal year 2020 and 7.5 per cent in fiscal year 2021, according to an Asian Development Bank report. The economy in Bangladesh is expected to recover in fiscal year 2021 after the coronavirus-induced slowdown in FY2020, bdnews24.com reported citing the Asian Development Outlook Supplement published on 18June.

The growth forecast for FY2020 reflects a sharp decrease in economic activities in the last quarter due to Covid-19 global pandemic and its outbreak in Bangladesh. During FY2021, the GDP growth rate is expected to pick up to 7.5 per cent driven by a gradual recovery in the first two quarters, followed by quick recovery in the following quarters. These forecasts rest on the assumption that it would take 3 months, from when the outbreak intensifies in the country, for economies to get their domestic outbreak under control and to start normalising economic activities.

They also consider the impacts of the government's containment actions, and fiscal and monetary stimulus measures. Inflation is expected to slightly edge up to average 5.6 per cent in FY2020 on higher food prices as well as non-food prices on account of higher domestic natural gas prices, the ADB report said.

In FY2021, it will ease to 5.5 per cent on better supply conditions. The inflation forecasts rest on the assumption that potential upward pressure in prices from the Covid-19 pandemic related stimulus measures are expected to be offset by fall in demand from the consumers.

"After a robust performance in the first nine months of FY 2020, Bangladesh economy would slow down in the near term due to Covid-19 pandemic but is likely to recover in FY2021," said Country Director Manmohan Parkash in a statement. "Global economic recovery, proactive initiatives to attract investments, creating local employment opportunities, and providing easier access to finance for farmers, entrepreneurs and small businesses could help jumpstart the economy," he said appreciating the resilience of Bangladeshi people.

"ADB has so far provided $600 million in loans and $1.4 million in grants for managing health emergencies and mitigating the initial socio-economic impacts of the pandemic," said the country director. "In FY2021, ADB will continue its strong support to help Bangladesh economy to recover and rebound from the impacts of Covid-19," he added.

ADB Finances Landmark Private Sector Solar Plant in Bangladesh

The Asian Development Bank (ADB) has signed a $17.7 million financing package with Spectra Solar Park Limited (SSPL) to invest in a 35-megawatt utility-scale solar photovoltaic plant in Bangladesh. The solar park is one of the first private sector solar plants in Bangladesh to be financed by multilateral institutions, and will support the country's efforts to attain long-term energy security and meet climate goals by stepping up its use of clean energy.

The agreement for the Spectra Solar Power Project was signed by the Director of Infrastructure Finance, South Asia, Central Asia, and West Asia at ADB's Private Sector Operations Department Shantanu Chakraborty, and Managing Director of Spectra Solar Park Limited Khan Md. Aftabuddin. DEG – Deutsche Investitions- und Entwicklungsgesellschaft mbH is cofinancing the project with ADB.

Green Delta Capital served as lead arranger for the project. "ADB's financing with co-financing by DEG in this project will help to scale up solar projects and unlock foreign investments for renewable energy in Bangladesh," said Managing Director and Chief Executive Officer of Green Delta Capital Md. Rafiqul Islam.



The financing comprises a loan from ADB and a loan from the ADB-administered Canadian Climate Fund for the Private Sector in Asia II (CFPS II). The Canadian Climate Fund for the Private Sector in Asia (CFPS) also provided a technical assistance grant to support project preparation and to catalyze the loans. CFPS and CFPS II were established by the Government of Canada to encourage private investment in climate change mitigation and adaptation projects in Asia and the Pacific.

Once operational, the plant is expected to provide over 50 gigawatt-hours of clean electricity annually to the national grid and avoid 33,200 metric tons of carbon dioxide emissions.

The project aligns with the Government of Bangladesh's aim to reduce the country's dependence on fossil fuels through renewable energy under Bangladesh Vision 2021.

Source : ADB

WB injects $1b to help cushion pandemic

Bangladesh's efforts to feed the nation, create jobs and keep the ailing economy afloat amid the progressively ferocious pandemic received a shot in the arm after the World Bank approved $1.05 billion on 20 June. "This is an extraordinary response to an unprecedented crisis," said Mercy Tembon, the WB's country director for Bangladesh and Bhutan, in a press release after the loan was sanctioned.

The coronavirus pandemic has deeply jeopardised many of Bangladesh's remarkable achievements in poverty reduction and shared prosperity, including livelihoods of its population, she added. The massive fund injection from the WB will hopefully reverse some of the damage caused by the rogue virus, which is showing no signs of abating.

The government has been compelled to seek additional financing from abroad after domestic revenue generation crashed and the flow of exports and remittances -- the country's two major sources for foreign currencies -- dropped sharply because of the fallout of the pandemic at home and abroad. And the multilateral lenders seem to be rallying behind Bangladesh in this hour of need.

Earlier, the World Bank's sister concern International Monetary Fund has sanctioned $732 million in emergency funding to meet the urgent balance-of-payments and fiscal needs arising from the coronavirus outbreak in the country. The Asian Development Bank has approved $500 million and the Asian Infrastructure Investment Bank sanctioned $250 million. And all stand ready to inject more funds if needed.

Economists are in favour of the government turning to external financing instead of dipping its hand into the domestic banking system, which can go on to crowd out private sector investment when the economic recovery eventually happens. Besides, the interest burden for external funds is substantially lower than for domestic borrowing given the historically low-interest rates prevailing in the Western world for a while now. The latest round of fund injection from the WB came for three projects to help the country create quality jobs, accelerate economic recovery from the coronavirus pandemic and build resilience to future crises.

The projects will help the people and the economy bounce back by creating more and better jobs and promoting direct private investment in specialised economic zones while enhancing the foundations for a digital economy, according to Tembon.

The $500 million Private Investment and Digital Entrepreneurship (PRIDE) Project of the WB will promote and attract about $2 billion direct private investments and strengthen social and environmental standards in selected public and private economic zones and software technology parks.

It will also create 150,000 jobs, of which about 40 percent of the jobs in software parks and 20 percent of jobs in Economic Zones will be for women. The $295 million Enhancing Digital Government and Economy (EDGE) Project will establish an integrated, cloud-computing digital platform for all government agencies and improve cyber-security, which will result in savings of $200 million in the public sector's IT investments.

Further, it will build resiliency during future crises, whereby the platform will enable the government to operate virtually and deliver critical public services to citizens and businesses. The project will create 100,000 jobs, with a special focus on women, train 100,000 youth in digital and disruptive technologies, and establish a digital leadership academy and centres of excellence.

The $250 million Second Programmatic Jobs Development Policy Credit will create fiscal space to support the government's response to the COVID-19 crisis, while helping recovery and building resiliency of the economy, of workers and vulnerable populations to future shocks. The financing will help Bangladesh to create large-scale jobs for citizens, including women, youth, and migrant workers.

The project -- which is the second one in a programme of three -- supports reforms to modernise the trade and investment regime, build a stronger system of expanded safety nets and labour protections, and help vulnerable population access better jobs, especially during crises.

World Bank approved $100m COVID-19 support for Bangladesh

The World Bank on 3 May approved a fast-track $100 million financing to help Bangladesh prevent, detect, and respond to the COVID-19 pandemic and strengthen its national systems for public health emergencies.

The COVID-19 Emergency Response and Pandemic Preparedness Project will roll out nationwide to help upgrade selected health facilities and laboratories to detect, manage and treat suspected and confirmed

COVID-19 cases, and support screening in Bangladesh's designated health facilities and entry points as well, said a press release issued from Washington DC.

It would benefit people with suspected and confirmed infections, at-risk populations, medical and other emergency personnel along with public and private service providers besides the national health system, it said. 'The World Bank is working closely with the government of Bangladesh to fight the spread of COVID-19,' said Mercy Tembon, World Bank country director for Bangladesh and Bhutan.

The project would support the implementation of Bangladesh's national plan to respond to the COVID-19 pandemic, she said. 'Moreover, it will help strengthen the country's response by ensuring that effective surveillance and diagnostic systems are in place and that medical supplies, personal protective equipment, ventilators and isolation units are available in designated hospitals,' Tembon said.

The project will equip designated laboratories with COVID-19 trained staff as well as diagnostic equipment, test kits, and reagents. It is mobilising resources for faster procurement to expedite the acquisition of critical items.

The project is financed from the International Development Association, the World Bank's fund for the poorest countries, through the World Bank Group's COVID-19 Fast Track Facility. The credit has a 30-year maturity, including a five-year grace period, said the release.

Remittance earnings to fall by 22pc: WB report

Bangladesh's remittance earnings may decline by about 22 per cent to $14 billion in 2020 from $18.3 billion in 2019 as part of the economic fallout due to the coronavirus pandemic raging across the globe, according to a latest report of the World Bank.

WB made the projection in an update on migration and remittance flows titled 'COVID-19 Crisis Through a Migration Lens' released on 22 April. In Bangladesh, remittances are projected at $14 billion for 2020, a likely fall of about 22 per cent driven by economic slowdown due to the coronavirus outbreak as well as oil price declines, the report said.

Bangladesh's remittance earnings in 2019 was 5.8 per cent of its gross domestic product. Remittances to South Asia are projected to decline sharply by 22 per cent to $109 billion in the year. Remittances are projected to fall by about 23 per cent in 2020 to $64 billion in India and 23



per cent to $17 billion in Pakistan. Remittances to Nepal and Sri Lanka are also expected to decline by 14 per cent and 19 per cent, respectively, in 2020.

The coronavirus-induced global slowdown and travel restrictions will also affect migratory movements, and this is likely to keep remittances subdued even in 2021. The economic slowdown is likely to directly affect remittance outflows from the United States, the United Kingdom, and EU countries while falling oil prices will affect remittance outflows from GCC countries and Malaysia to South Asia.

Globally, remittance flows to low- and middle-income countries are expected to drop by around 20 per cent to $445 billion in 2020, from $554 billion in 2019. Foreign direct investment is also expected to decline by more than 35 per cent due to travel bans, disruption of international trade, and wealth effects of declines in the stock prices of multinational companies. Remittance costs from United Arab Emirates to Bangladesh are one of the lowest in the world while Pakistan to Bangladesh corridor is one of the highest-cost corridors. The coronavirus crisis has affected both international and internal migration in the South Asia region, the report said.

IMF okays $732m emergency loan for Bangladesh



The International Monetary Fund will give $732 million in emergency assistance to Bangladesh to help finance the health, social protection and macroeconomic stabilisation measures, meet the urgent balance-of-payments and fiscal needs arising from the coronavirus outbreak. The IMF executive board on 29 May approved the assistance under the Rapid Credit Facility and the Rapid Financing Instrument.

Under the scheme, it will disburse $244 million under the Rapid Credit Facility and $488 million under the Rapid Financing Instrument, said an IMF press release. It said that Bangladesh's economy had been severely impacted by the COVID-19 pandemic with weaker domestic demand and a sharp decline in exports and remittances.

Necessary policy responses to prevent a domestic pandemic, including the shutdown of major cities, will inevitably affect economic activities and slow down growth. The government has scaled up health and social protection expenditures to mitigate the pandemic's impact on the population and adopted several stimulus measures to preserve economic activity.

The authorities remain committed to promoting strong and inclusive growth while preserving macroeconomic stability. Key policy challenges include tax revenue mobilisation, addressing nonperforming loans in the banking sector, and improving infrastructure and governance to enhance the business environment and attract foreign direct investment, it said.

The IMF continues to monitor Bangladesh's situation closely and stands ready to provide further advice and support if needed. The authorities have also committed to put in place targeted transparency and accountability measures to ensure the appropriate use of emergency financing, said the release.

IMF deputy managing director and acting chair of the board Antoinette Sayeh said that the outbreak was severely affecting the two main sources of Bangladesh's external earnings — export of readymade garments and remittances. The IMF's emergency financial assistance will help cover the financing gap and support the authorities' efforts to contain the adverse impacts of the outbreak and catalyse additional support from the international community, she said in a statement.

Once the crisis abates, the authorities of the country are committed to re-focus on addressing banking sector problems, including nonperforming loans and the poor performance of state-owned commercial banks, the statement said. They are also committed to ensuring fiscal discipline and debt sustainability by broadening the tax base and strengthening tax administration and compliance, it said.

It also said that the Bangladesh Bank took appropriate steps to ease liquidity conditions and allow the financial sector to support the economy.

Further easing could be considered if the economic situation deteriorates and inflation remains moderate, it said, adding that a gradual increase in exchange rate flexibility should be allowed to adjust to the external shock while preserving foreign reserves.

AIIB Approved US$250 Million Loan to Bangladesh for COVID-19 Response

The Asian Infrastructure Investment Bank (AIIB) has approved a USD250 million loan to Bangladesh as the country grapples with the fallout from the novel coronavirus disease (COVID-19).

The loan, cofinanced with the Asian Development Bank (ADB), is part of a program to provide the Government of Bangladesh with budget support to mitigate the adverse effects of the pandemic on the country's poor and most vulnerable, particularly those affected by job losses in small and medium enterprises and the informal sector, as well as strengthen social safety nets. The program also has specific targets to support women in export-oriented industries.

Bangladesh is extremely vulnerable to the COVID-19 virus given that it has one of the highest population densities in the world. Nearly 15 percent of households continue to live in poverty, with a high share of households living in informal settlements, and more than 80 percent of the workforce employed in the informal sector, all of which make it difficult and expensive to maintain social distancing measures to contain the spread of the virus. According to ADB estimates, a serious outbreak would result in job losses ranging from 1.4 to 3.7 million.

"Our support to Bangladesh is part of AIIB's broader proactive efforts to respond to the needs of our vulnerable members to weather the COVID-19 crisis," said AIIB Vice President, Investment Operations, D.J. Pandian. Pandian noted that Bangladesh had in recent years performed exceedingly well with annual growth averaging 7.4 percent over the last five years. "It is incumbent on the international community to come together to ensure that the country does not fall behind but continues to make strides in its development efforts."

While AIIB does not have a regular instrument for policy-based financing, the Bank is extending such financings on an exceptional basis under the COVID-19 Crisis Recovery Facility to support its members on projects cofinanced with the World Bank or the Asian Development Bank.

AIIB's COVID-19 Crisis Recovery Facility, created as part of the coordinated international response to counter the COVID-19 crisis, has an initial size of US$5-US$10 billion to support AIIB members' urgent economic, financial and public health pressures and quick recovery from the crisis.

Saving The Vulnerable: WFP appeals for $320m for Bangladesh
Says pandemic may reverse the dev gains made in 50 years

Issuing a warning that Covid-19 threatens to reverse development gains made by Bangladesh in the last 50 years, World Food Programme has appealed for $320 million to help the most vulnerable. "The World Food Programme, for its part, issued an urgent call for $320 million to provide food and cash transfers to the most vulnerable families in Bangladesh in the midst of the pandemic," said Stephane Dujarric, spokesman for the UN secretary-general, on 15 May. Some $200 million of this funding is required for the agency's Covid-19 response in Bangladesh and the remaining $120 million is needed to help the ethnic Rohingya for the next six months, according to the United Nations.

"Lockdowns and restrictions on movement are affecting livelihoods of millions across Bangladesh, especially daily wage earners like rickshaw drivers, day labourers who now find themselves unable to meet their basic needs," said WFP spokesperson Elisabeth Byrs. Under WFP's scheme, the funding will ensure food security for families in rural areas and urban slums, as well as day labourers.

In the meantime, the UN agency has maintained national distributions of fortified rice, cash transfers and nutrition programmes, to complement government assistance. It has also begun building storage areas for food and non-food items necessary for the Covid-19 response, including personal protective equipment, and is helping other humanitarian agencies by moving supplies into and around Bangladesh.

This coming August marks three years since the Rohingyas fled to Cox's Bazar escaping a violent persecution in Myanmar's Rakhine state.

After confirmation that the first cases of Covid-19 infection have been identified in overcrowded Rohingya camps in Cox's Bazar, UN humanitarians on 15 may announced additional measures and appealed for funds to prevent the disease from spreading.

In Geneva, UN refugee agency (UNHCR) spokesperson Andrej Mahecic relayed government confirmation that one Rohingya had tested positive for the new coronavirus in the Kutapalong settlement in Cox's Bazar, along with an individual from the local Bangladeshi host community on 14 may.

"There are serious concerns about the potentially severe impact of the virus in a densely populated refugee settlement, sheltering some 860,000 Rohingya refugees", he said, speaking via video conference.

"Another 400,000 Bangladeshis live in the surrounding host communities. These populations are considered to be among the most at risk globally in this pandemic."

City Bank partners with ITFC for $15m trade finance line

City Bank has entered into a $15 million trade finance line with the International Islamic Trade Finance Corporation, the trade financing arm of Islamic Development Bank, to support private sector enterprises in Bangladesh, said a press release. Entrepreneurs can avail credit from the special fund under the Islamic banking window to import raw materials from international markets.

City Bank is the latest partner institution to work with ITFC as it expands its financing outreach to private sector through local banks in Bangladesh. Regarding the international collaboration to support small businesses, City Bank additional managing director Sheikh Mohammad Maroof said that the Murabaha financing facility will enable the bank to provide better value to its importing clients through extensive links and support of ITFC and IsDB.

Commenting on the facility, ITFC CEO Hani Salem Sonbol said: 'A central tenet of the ITFC strategy is to provide financing to local partner financial institutions like City Bank to facilitate SME access to financing that is key for the country's economic growth and their ability to participate in global value chains.'

HSBC lends Square Tk 1,000cr in Bangladesh's first sustainability-linked loan

HSBC Bangladesh has arranged the first sustainability-linked loan in Bangladesh as it lent $118 million (Tk 1,000 crore) to Square Group to advance its renewable energy ambitions. Under the arrangement, the credit terms of the existing working capital facility offered to Square Group will be linked to renewable energy usage by the conglomerate.

The deal was launched through a virtual session attended by Tawfiq-e-Elahi Chowdhury, energy adviser to the prime minister; Mohd Humayun Kabir, an executive director of Bangladesh Bank; Tapan Chowdhury, managing director of Square Group; Laura Galvin, regional head of international markets for commercial banking at HSBC Asia-Pacific and Md Mahbub Ur Rahman, chief executive officer of HSBC Bangladesh.

A sustainability-linked loan (SSL) aims to improve the borrower's sustainability profile by aligning loan terms to the borrower's performance against predetermined sustainability performance target benchmarks. For example, the interest rate under the relevant loan agreement may be reduced if the borrower can reach its sustainability targets. One of the targets for Square Group is to avoid carbon emissions of up to 3,000 tonnes per year, according to a presentation at the launch.

By linking the loan terms to the borrower's sustainability performance, borrowers are economically benefited when improving their sustainability profile over the term of the loan, HSBC Bangladesh said in a press release. The proposition will reward Square for improving their sustainability profile by aligning credit terms to a set of agreed sustainability performance metrics. If it can achieve the predetermined renewable energy targets mutually agreed upon with HSBC, it will become eligible for interest rate reductions for the loan.

Square Group, one of the signatories of the United Nations Global Compact, which encourages businesses worldwide to adopt sustainable and socially responsible policies and provide progress reports on implementation, has installed solar panels on factory roofs with the capacity to produce 2.6 megawatts of electricity.

Globally, HSBC has commitments to provide $100 billion in financing and investments by 2025 to develop clean energy, technologies with lower-carbon footprints, and other projects that contribute to the delivery of the Paris Climate agreement and the UN Sustainable Development Goals. This means playing a lead role in the development of financial products for customers advancing renewable energy and low carbon business activities, according to the bank.

HSBC Bangladesh aims to help large business groups align sustainability in their operations and shift to a carbon-free world. It looks to work with all major companies as well.

Source : The Daily Star

13pc people lost jobs due to pandemic: BIDS

About 13 per cent people have become unemployed in the country due to Covid-19 pandemic, according to a survey of Bangladesh Institute of Development Studies (BIDS). The survey noticed expected and significant negative effects on employment, income and expenditures of people, especially those from low-income groups. The 'coping with Covid -19 and individual responses: findings from a large online survey' was conducted on 30,000 people from May 5 to 29 covering all divisions and districts. Some 19.23 per cent of the participants with income less than Tk 5,000 reported that their income reduced by 75 per cent, while 23.31 per cent of the participants with income between Tk 5,000 to Tk 15,000 reported an income reduction by 50 per cent relative to last month's income.

The survey was unveiled on 24 June at a virtual conversation titled "In the shadow of Covid - coping, adjustments, responses" organised by BIDS. Meanwhile, small and medium entrepreneurs in the rural areas are being hit the hardest due to the impact of Covid-19, as their revenue dropped by 67 per cent in 2020 compared to the previous year. However, the average reduction of revenue for all SMEs is 66 per cent in 2020 compared to 2019.

The annual revenue was reduced by 67 per cent in 2020 compared to 2019, which is 66 per cent for all SMEs sectors, according to a survey titled "Covid-19 and SMEs: understanding

the immediate impact and coping strategies". BIDS conducted the survey on 375 enterprises and 360 workers during April 26 to May 10 this year.

As per the survey findings of the surveyed entrepreneurs, 76 per cent goods produced by the entrepreneurs remain unsold and the value of unsold goods is Tk 6.75 lakh each. Economic activities were not completely shut down during the lockdown, while only 16 per cent of SMEs were open. However, it was 38.24 per cent in cases of handicrafts and rural SMEs were opened by 11.40 per cent, the report showed.

According to a survey, Bangladesh will have 16.4 million new poor in 2020 as the income of working class in urban and rural areas have fallen sharply due to the lockdown to stop the spread of Covid-19 pandemic. A research paper titled "Poverty in the time of Corona: short-term effects of economic slowdown and policy responses through social protection" was conducted by Binayak Sen, research director of BIDS.

Under a post-lockdown optimistic scenario, the country's overall poverty will increase by 25.13 per cent, where rural poverty will be 24.23 per cent and urban poverty will be 27.52 per cent. "We ran several scenarios - representing successive severity of lockdown - under the "wealth plus labour status" approach. In a scenario where there is an 80 per cent drop in income for labour class in urban areas and 10 per cent drop in income for labour class in rural areas in the "hard lockdown" exercise, we would have 16.4 million new poor," Binayak said in his presentation.

"If we consider a 25 per cent higher poverty line, then an additional 16 per cent to 20 per cent of population would be in poverty in rural and urban areas. If we update our age-old poverty line accordingly, it will result in a much higher poverty where rural poverty would be 45 per cent, and urban poverty would be 36 per cent," he added. "To sum up, we have two kinds of vulnerability in poverty -- one relates to the risk of slippages of the near-poor into poverty, and the other pertains to the risk of slippages of the moderate poor into extreme poverty, said the economist.

Farmers lost Tk 56,536cr to coronavirus : Brac surveys find

Eighty-eight per cent farmers have suffered economic losses because of the production and marketing challenges induced by the ongoing coronavirus pandemic, according to two surveys carried out by Brac recently. Nationally, farmers lost Tk 56,536.68 crore in estimated income in one and a half months and more than Tk 2 lakh on an average.



This was experienced by 100 per cent of fish farmers, 97 per cent of livestock, 93 per cent of poultry and 81 per cent of crops and vegetables. The findings were shared at an online media briefing on 4 June. Some 42 per cent had no way to cope with the crisis, while 95 per cent have not yet received any form of support.

Around 82 per cent do not see the problems going away soon and 41 per cent find loans the sole way to survive if they are unable to produce next season. Around 64 per cent heard about the government stimulus for them but 79 per cent do not know how to avail it. Though the assistance is scheduled to be delivered through banks, only 20 per cent of farmers have previous experience of taking bank loans. In order to recover from the losses, 68 per cent farmers are seeking credit on easy terms, 58 per cent fair prices of produce, 48 per cent availability of inputs at fair prices and 45 per cent full operation of markets. Aiming to get an insight about the impact of the COVID-19 on agriculture and food security, the surveys were carried out among 1,581 farmers over the phone and 21 wholesalers, retailers and input sellers covering 64 districts from the end of March till mid-May.

One focused on the situation faced by farmers at the grassroots producing crops and vegetables, poultry, fisheries and livestock. The other survey concentrated on the changed market situation and how it has failed to serve the farmers during the lockdown. Using secondary price data of the state-run Department of Agricultural Marketing, it found panic buying in late March led the prices of essential items such as rice to go up by 300 per cent and then came down in early May for drying up of demand.

However, this in some cases such as that of poultry led to a reduction in production, causing a 26 per cent rise in prices from in the last week of April. Farm gate prices dropped for poultry (44 per cent), dairy (22 per

cent) and vegetables (38 per cent to 90 per cent).

The studies suggested establishing innovative farmer-friendly credit disbursement systems, including microfinance institutions and NGOs alongside collection centres closer to smallholder producers. Farmers' produce could be distributed through open market sale and as relief and midday meals while allied sectors such as that of seed, fertilizer, feed, storage and transport be incentivised, said the studies.

They also recommended subsidising poultry, fishery and livestock subsectors with inputs and developing guidelines to help farmers remain productive in this "new normal" situation. Professor Emeritus MA Sattar Mandal, former vice-chancellor of the Bangladesh Agricultural University, suggested local government representatives act as guarantors so that farmers can fast avail bank loans.

Source : The daily Star

China approved duty free access for 5,161 more Bangladeshi products

China gives duty-free access to 5,161 more Bangladeshi products in its market from July 1. With the announcement made by the State Council of Ministry of Finance of China, a total of 8,256 Bangladeshi products will come under the 97 percent of products that would be exempted from tariff. Bangladesh described it as a success of its economic diplomacy.

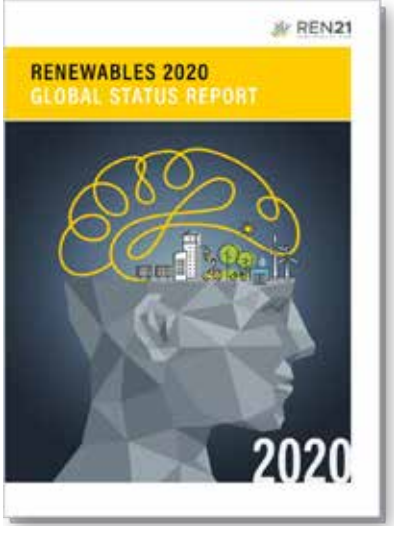
"We are glad to inform that as part of our economic diplomacy and the consequent outcome of exchange of letters between Bangladesh and China, Tariff Commission of the State Council of Ministry of Finance of the People's Republic of China issued a notice on granting zero treatment to 97 percent of Bangladeshi products," according to foreign ministry.



Bangladesh is getting this as an LDC. It is in addition to the preferential duties that Bangladesh is already enjoying from China under Asia-Pacific Trade Agreement (APTA). This announcement opens the doors for Bangladeshi exporters to enjoy zero tariff for 5,161 more items to enter the Chinese market from July 1. This declaration comes as per China's commitment to zero tariff treatment for 97 percent of the products of the least developed countries that have established diplomatic relations with China, said a notification from the Ministry of Finance of China on 16 June.

Bangladesh made great strides in renewable energy

Bangladesh has made great strides in power generation in the last decade as about 95 percent of its population now have the access to electricity, said a global report. As of 2017, around 8 percent of the country's total power generation capacity came from the off-grid solar, making it one of the top six countries in terms of generating electricity using solar solutions, according to REN21's Renewables 2020 Global Status Report (GSR) which was released on 15 June.



The Paris-based organisation said the electricity access in Bangladesh has reached 95 percent in 2019, up from only 47 percent in 2010. "The availability of off-grid solar and mini-grid technologies, coupled with new business models that make productive uses of energy affordable, have accelerated the demand for such applications in Bangladesh in recent years," the report lauds. It said, "For example, some 1,500 solar pumps were deployed between 2013 and 2019 under the IDCOL Solar Irrigation Program." The report, however, expressed concern as the country still lacks widespread access to clean cooking facilities, and in 2018, the number of people relying on the traditional use of biomass, coal or kerosene to meet household needs was 81 percent.

The concerns about imports of sub-standard solar products that are threatening the sustainability of the domestic market, however, have led the national government to introduce minimum quality standards for solar modules, inverters, charge controllers and batteries in 2019, warned the report.

The report said growth in renewable power has been impressive over the past five years but global hunger

for energy keeps increasing and eats up the progress. It said despite significant progress in renewable power generation, the share of renewables in total energy demand has barely increased (9.6% in 2013 to 11% in 2018). While some countries are phasing out coal, others are continuing to invest in new coal-fired power plants. In addition, funding from private banks for fossil fuel projects has increased each year since the signing of the Paris Agreement, totalling USD 2.7 trillion over the last three years.

Overcapacity will enlarge power sector's fiscal loss: Study

Growing overcapacity of Bangladesh's power sector will increase its financial loss following a significant fall in electricity demand amid the prevailing Covid-19 pandemic, a new study has revealed. "Bangladesh's plan for significant coal- and LNG-fired power plant additions will lock the nation into substantial overcapacity, with major financial implications," it opined.



Australia's Sydney-based Institute for Energy Economics and Financial Analysis (IEEFA) released the study on 18 May. It further said: "The Covid-19 outbreak is currently lowering power demand significantly, increasing financial stress on the Bangladesh Power Development Board (BPDB) by reducing revenue, whilst capacity payments to idle plants have to be maintained."

The pandemic is also delaying coal power projects in Bangladesh under the China-backed Belt and Road Initiative (BRI). "The COVID-19 induced delay to coal power projects gives Bangladesh an opportunity to reset energy development policy as well as to redirect resources to support economic fundamentals and energy price stability to enable the realisation of Vision 2041."

Bangladesh already has excess power generation with only 43 per cent capacity utilisation in last fiscal year (FY) 2018-19, the study mentioned. This pre-COVID-19 low usage resulted in Tk 90 billion (US$ 1.1 billion) capacity payments to power plants to sit idle, necessitating the government subsidy and electricity price hike for consumers, it found.

"Based on our own forecast of power demand growth, which takes the economic impact of COVID-19 into account, we calculate that Bangladesh is on course to have capacity that can generate 58 per cent more power than the nation needs by 2030," Simon Nicholas of IEEFA, lead author of the study report, was quoted as saying. Overcapacity is the situation in which a nation's power sector cannot sell as much as its plants are designed to produce. The COVID-19 outbreak's impact will also mean that long-term power demand will be lower than forecast, making overcapacity by 2030 worse, if the current plan for coal- and LNG-based power capacity additions is continued, according to the study.

"A long-term switch from cheap domestic gas towards more expensive imported coal and LNG, combined with the severe, long-term overcapacity Bangladesh is on course for, is likely to see rise in subsidy," Simon Nicholas was also quoted as saying.

The study opined that the power tariffs for consumers can also be expected to increase. It argued that large fleets of big coal and LNG plants are increasingly less appropriate to meet lower-than-expected demand growth in developing nations. Egypt recently shelved a China-backed 6.6-GW coal plant proposal due to concerns about overcapacity and a preference for renewable energy.

According to the study co-author, Sara Jane Ahmed, there are important lessons for Bangladesh from the experience of Indonesia, which is suffering for the financial impact of overreliance on coal power. "PLN - the Indonesian state-owned power utility - has seen its over-commitment to coal power leading to a rapid escalation in the government subsidy, which reached an enormous $ 5.0 billion in 2018," she was quoted as saying.

The study focused on stunning similarities to the BPDB's rapidly escalating financial crisis, resulting from existing overcapacity, while pushing forward with completion of the Payra coal plant. Half of the

plant's capacity will remain idle, forcing the BPDB to make additional payments of Tk 1.60 billion ($ 19 million) per month.

"Bangladesh needs to heed these lessons, if it is not to head down the same road towards power system financial crisis as Indonesia," she added. According to the study, it is now time for Bangladesh to consider more appropriate, modular renewable energy (without capacity payments) and grid investments to meet lower demand growth, and reducing the overall system cost while improving domestic energy security and resilience.

The study found that the quantity of land, suitable for renewables in Bangladesh, is likely to be more than previously assumed. However, some tough choices over land use may have to make, if Bangladesh is to avoid entrenching a power system, dominated by expensive, imported coal and LNG with higher power tariffs and subsidy, it added.

Omera Cylinder goes global

Omera Cylinder Limited, a Bangladeshi liquid petroleum gas (LPG) cylinder manufacturer, went global when it became the first company to export LPG cylinders to African countries. Omera Cylinders Limited (OCL), a leading manufacturer of steel LPG cylinders in Bangladesh, has been engaged in manufacturing since 2015.



"We produce LPG cylinders, maintaining the highest quality in terms of safety. Since it is of an international standard and we have surplus capacity and since Africa is the second largest market for cylinders, we decided to export there," Azam J Chowdhury, director of Omera Cylinders Limited, told Dhaka Tribune.

In the first consignment, Omera exported 2,500 cylinders in the month of June, and the second consignment of 2,600 cylinders in the month of July. Omera has given importance to exports as there is more capacity than demand in the country, while the prime motto is to contribute to the country through exports.

Currently, there are 13 cylinder manufacturing companies in Bangladesh with a capacity to produce about nine million pieces of LPG cylinders against the demands of six million pieces annually. In addition, the cost of production would go up due to the imposition of Value Added Tax (VAT) in the proposed budget for the fiscal year 2020-21. So going global will make the business more sustainable, according to Omera.

In African countries the market is very competitive. Omera is competing with Thailand, India, China and Turkey. Omera's products are being manufactured under absolute compliance through using European technology with automated cutting-edge machinery. Its product sizes range from 4kg to 50kg according to clients' demand and specification.

Omera Cylinders Limited (OCL) is highly dedicated to providing maximum quality output and delivering products in time to its client, local and overseas. Continual quality improvement through addressing the needs and expectations of customers, process risks based on internal and external issues, appropriate training, innovation and maintaining the highest quality standards are its basic business principles.

Unilever acquires 81.98% stake in GlaxoSmithKline Bangladesh

Unilever on 30 June announced its successful acquisition of 81.98% stake in GlaxoSmithKline (GSK) Bangladesh Ltd from Setfirst, making it the largest transaction in the history of capital market in Bangladesh. This acquisition was announced on December 3, 2018 and was subject to obtaining necessary approvals, which have now been secured, according to a press release. Under the acquisition,

Unilever got the ownership of GSK's iconic Health Food & Drinks (HFD) portfolio brands including Horlicks, Boost, and Glaxose-D. Unilever Overseas Holdings BV, a concern of Unilever, bought a total of 9,875,144 shares or 81.98% stakes in GSKBD on the block market at Dhaka Stock Exchange on 28 June. General and institutional investors own the remaining 18.02% stake.

This deal is aligned with Unilever's stated strategy of increasing its presence in health-food categories and in high-growth emerging markets. This acquisition will bolster Unilever's focus to build a profitable and sustainable Nutrition business in Bangladesh and support government's national agenda to combat malnutrition in all its forms.

GlaxoSmithKline Consumer Healthcare Limited is the undisputed leader in the HFD category, with iconic brands such as Horlicks and Boost, and a product portfolio supported by strong nutritional claims.

Kedar Lele, CEO and managing director of Unilever Bangladesh, said: "We have successfully completed the acquisition of GSK Consumer Healthcare business in Bangladesh even amidst a global crisis. I like to thank GSKBD Board and all regulatory bodies who supported us in completing one of the biggest transactions in the history of Bangladesh."

Bangladesh-India water transit protocol to include 10 more ports of call

Bangladesh and India have signed an agreement on inclusion of 10 more ports of call in the water transit protocol, aiming to gear up inland water transit and trade activities between the two countries.

Shipping Secretary Mohammad Mezbah Uddin Chowdhury and Indian High Commissioner in Bangladesh Riva Das Ganguly signed the second Addendum on Protocol on Inland Water Transit and Trade (PIWTT) at the conference room of the Ministry of Shipping (MoS) on 20 May.

Under the agreement, Bangladesh and India each will have five new ports of call along with their mutual exiting 12 ones. The new ports of call in Bangladesh will be Rajshahi, Sultanganj, Chilmari, Daudkandi and Bahadurabad while in India, Dhulian, Moya, Kolaghat, Sonamura and Jogigopa will be the new ports of call under the deal.

Besides, there will be two 'extended ports of call' for each side. In Bangladesh, Ghorashal under Narsingdi district will be under Narayanganj Port of Call and Moktarpur under Munshigaj district will be under Pangaon Port of Call, while in India, Tribeni (Bandel) will be under Kolkata Port of Call and Badarpur will be under Karimganj Port of Call.



Daudkandi (Bangladesh)-Sonamura (India) and Sonamura-Daudkandi routes will also be included as new routes of the existing eight river protocol routes. There are now 12 ports of call between the two countries. The existing ports of call in Bangladesh are Narayanganj, Khulna, Mongla, Sirajganj, Ashuganj and Pangaon, while in India those are Kolkata, Haldia, Karimganj, Pandu, Shilghat and Dhubri.

Through river protocol routes, a total of 22,86, 852 tonnes of goods were transported by Bangladeshi ships with an estimated 2,685 trips while goods worth 78,794 tonnes were also transported by Indian ships with 59 trips during the fiscal year (FY) 2018-19.

Regional News

IMF said virus crisis could ultimately test $1tr war chest

International Monetary Fund Managing Director Kristalina Georgieva said on 26 June that the global economic crisis spurred by the coronavirus could ultimately test the Fund's $1 trillion in total resources, "but we're not there yet."



Georgieva told a Reuters Newsmaker webcast event that it was now clear that an economic recovery would have to get underway without a medical breakthrough and the virus' presence still widespread throughout the world. IMF member countries were standing by to provide more support to the Fund if necessary, she said.

The IMF on 23 June forecast a deeper global recession than initially anticipated, as business closures, travel restrictions and social distancing measures persist in most countries. It now anticipates a global GDP contraction of 4.9 per cent this year and a total output loss of $12 trillion through the end of 2021.

Regarding the possibility of additional resources, she said: "Our members are telling us, 'Everything is on the table. You come to us if you need to do more of something, we are there for you.'" The IMF has been rapidly deploying some $100 billion in emergency financing and has now provided loans and grants to 72 countries in just over seven weeks, Georgieva said.

The Fund later on 26 June approved a new, $5.2 billion 12-month loan program aimed at helping Egypt to cope with the coronavirus and plug budget and balance of payment gaps. The IMF is providing technical assistance to Argentina in the country's debt negotiations with private creditors.

The Fund stands ready to negotiate a new program to replace Argentina's $57 billion 2018 bailout, one that is good for growth, the private sector and poverty reduction, Georgieva added.

Global Covid-19 fundraising meeting raised $6.9b leaders want vaccine for all

A global fundraising meeting on 27 June raised 6.15 billion euros ($6.9 billion) from the United States, the European Commission and numerous countries to fight Covid-19, with many participants stressing that an eventual vaccine should be available to anyone who needs it.

The pledging summit, part of a joint initiative by the EU executive and advocacy group Global Citizen, also included a globally televised and streamed fundraising concert featuring Miley Cyrus, Justin Bieber, Shakira, Chloe X Halle, Usher and others.

The Commission together with the European Investment Bank pledged 4.9 billion euros ($5.50 billion), the United States $545 million, Germany 383 million euros, Canada C$300 million ($219 million)and Qatar $10 million. Forty governments took part in the summit.



The money will be used for Covid-19 tests, treatments and vaccines, and also to support the world's poorest and most marginalised communities.

Commission President Ursula von der Leyen said it was crucial that everyone who needed it should have access to a vaccine. "I am trying to convince high-income countries to reserve vaccines not only for themselves but also for low- and middle income countries. This is a stress test for solidarity," she said.

British Premier Boris Johnson concurred. French President Emmanuel Macron was adamant about pooling efforts together. Italy, one of the hardest hit by the pandemic, echoed his sentiment.

The EU is championing global cooperation in efforts to control and end the pandemic, in contrast to the United States and China's focus on national initiatives.

Supply chains slowly returning to normal: WTO

Although global trade has been thoroughly battered by the ongoing coronavirus pandemic, the World Trade Organisation (WTO) believes the worst could be over as supply chains are slowly returning to normal due to rising demand. International trade fell sharply in the first half of the year as the Covid-19 outbreak upended economies all over the world.

shrank by 3 per cent year-on-year in the first quarter of the ongoing fiscal year, according to statistics published in a WTO statement on 23 June. Initial estimates for the second quarter—which coincided with the countrywide lockdown measures that affected a large share of the global population—indicate a year-on-year drop of around 18.5 per cent.



WTO economists believe that even though international trade volumes will register a steep decline in 2020, the situation will probably not reach the worst-case scenario projected in April. The amount of merchandise traded internationally

Historically speaking, these significant declines may be some of the worst the country has ever seen but it could have been much worse, the WTO statement said. On April 20, the WTO released its annual trade forecast and, in

light of the uncertainty on the pandemic's severity and economic impact, the organisation presented two conclusions. The first was an optimistic scenario where international trade in 2020 would contract by only 13 per cent. The second situation outlined a more pessimistic scenario where trade would fall by 32 per cent. As things stand, international trade would need to grow by only 2.5 per cent per quarter for the remainder of the year in order to make the optimistic projection a reality.

However, trade expansion could still fall short of the projection if similar issues, such as a second wave of Covid-19 infections, weak economic growth or widespread recourse to trade restrictions befall the globe. "The fall in trade we are now seeing is historically large, in fact, it could be the steepest on record. But there is an important silver lining here: it could have been much worse," said Roberto Azevêdo, WTO director general. "This is genuinely positive news but we cannot afford to be complacent," he added.

Vietnam PM warns of economic calamity at ASEAN summit

Vietnam on 26 June warned the virus pandemic had swept away years of economic gains as Southeast Asian leaders met online for a summit that will also be dominated by anxiety over Beijing's moves in the flashpoint South China Sea.

The current chair of the Association of Southeast Asian Nations (ASEAN) also wants to use the summit to inject momentum into talks on a sprawling China-backed trade pact, the Regional Comprehensive Economic Partnership (RCEP).

A deal, which aimed to loop in half the world's population and third of its GDP, has been hampered by India's refusal to join over access

to its market for cheap goods from China, the regional superpower it is now locked in a deadly border row with. The immediate focus for the 10-member bloc is the crippling cost of the coronavirus, which has ravaged the economies of tourism and export-reliant countries such as Thailand and Vietnam.

A special ASEAN meeting convened in April to tackle the pandemic failed to agree on an emergency fund. The country's Prime Minister Nguyen Xuan Phuc gave a sobering opening address on 26 June that emphasised the "serious consequences" of the pandemic for economic development among ASEAN'S members.

"It has swept away the successes of recent years... threatening the lives of millions of people," he said. There is also increasing angst that the virus and its fallout has provided cover for China to make new plays in the South China Sea, the resource-rich waterway Beijing claims most of but is also contested by Vietnam, the Philippines, Malaysia and Taiwan.

China is always advancing its pieces on the "South China Sea chessboard", a senior Southeast Asian diplomat told AFP. "So it's not out of the blue that they're doing it during this crisis." Beijing took advantage of the Asian financial crisis in the late 90s and the SARS outbreak to push its claims, he added.

"If there is a space, they move." Without directly mentioning China, Phuc admitted that "strategic problems between big countries had become clear and had deepened." "While the world is trying its best to fight the pandemic, there were irresponsible acts, violating international laws, that affected the security and stability of some regions including ours," he said.



In April Vietnam accused Beijing of sinking a trawler, prompting the United States to warn it was "exploiting the distraction" of other states "to expand its unlawful claims". Vietnam expert Carl Thayer, an academic at the University of New South Wales, believes the past few months have been "business as usual" for China, but noted that negotiations on a so-called Code of Conduct for the South China Sea had stalled because of the virus. "It needs to be restarted," he said.

U.N. warns of global mental health crisis due to COVID-19 pandemic

The United Nations has warned coronavirus could cause a global mental health crisis. The U.N. report highlighted those vulnerable to mental distress, including children and young people, and healthcare workers who see patients dying from COVID-19.



A mental illness crisis is looming as millions of people worldwide are surrounded by death and disease and forced into isolation, poverty and anxiety by the pandemic of COVID-19 according to United Nations.

"The isolation, the fear, the uncertainty, the economic turmoil - they all cause or could cause psychological distress," said Devora Kestel, director of the World Health Organization's (WHO) mental health department. Presenting a U.N. report and policy guidance on COVID-19 and mental health, Kestel said an upsurge in the number and severity of mental illnesses is likely, and governments should put the issue "front and centre" of their responses.

"The mental health and wellbeing of whole societies have been severely impacted by this crisis and are a priority to be addressed urgently," she told reporters at a briefing.

The report highlighted several regions and sections of societies as vulnerable to mental distress - including children and young people isolated from friends and school, healthcare workers who are seeing thousands of patients infected with and dying from the new coronavirus.

Emerging studies and surveys are already showing COVID-19's impact on mental health globally. Psychologists say children are anxious and increases in cases of depression and anxiety have been recorded in several countries.

Poorest countries to save $12b in 2020 debt relief: World Bank

The world's poorest countries could save over $12 billion (9.71 billion pounds) owed to sovereign and other creditors this year through their participation in a debt-relief program, with Angola alone saving some $3.4 billion, according to estimates published 19 June in a new database from the World Bank.

The savings under the COVID-19-linked Debt Service Suspension Initiative (DSSI) will be short-term, since the initiative only provides for suspension of debt payments through the end of the year. It postpones those payments until a later date but does not cancel them outright.

The second-largest saver among eligible DSSI countries would be Pakistan, with $2.4 billion, followed by Kenya with $802 million, according to the data. In terms of savings compared with gross domestic product, Bhutan would reap the most benefits from the plan with 7.3 per cent of GDP savings, followed by Angola at 3.7 per cent and Djibouti at 2.5 per cent.

Besides each country's estimated savings, the database includes details on debt owed to multilaterals like the International Monetary Fund as well as on official and non-official bilateral debt disbursed and debt service due per year.

IMF and World Bank officials have warned that the COVID-19 pandemic will hit developing and emerging markets particularly hard given high levels of debt, sharp drops

in oil and other commodity prices and insufficient healthcare systems.

The DSSI is backed by the G-20, the World Bank, the IMF and the Paris Club of sovereign lenders. The database provides a new level of transparency about debts and creditors, including China, which has become one of the largest creditors in Africa and elsewhere over the past two decades.

The Jubilee Debt campaign has estimated the cancellation of poor countries' debt payments, including to private creditors, would free over $25 billion for the countries this year, or $50 billion if extended through 2021.

The United Nations, many African countries and civil society groups have called for the debt relief to be extended for two years to allow countries to recover more fully from the economic shock of the pandemic.

Source : The Daily Star

Carlyle Group to buy 20 pc stake in Piramal Pharma for over Rs 3,700 cr

US-based Carlyle Group Inc has agreed to buy a 20 per cent stake in the pharmaceutical unit of Indian conglomerate Piramal Enterprises Ltd for about $490 million, the companies said in a statement on 27 June.

Piramal Pharma will use the capital injection to accelerate its organic and inorganic growth plans, the statement said. The investment comes a month after the private equity firm bought a majority stake in Indian animal healthcare company SeQuent Scientific Ltd.

"India is a hugely strategic part of Carlyle's Asia business, and a market where we continue to see many attractive investment opportunities," Greg Zeluck, Co-Head of Carlyle Asia Partners advisory team said. Earlier this month, India's Economic Times reported that Carlyle had emerged as the frontrunner to grab a minority stake in the pharma unit of business mogul Ajay Piramal, with US private equity firms TA Associates and KKR & Co Inc also submitting offers for the 20 per cent stake. The transaction is expected to close in 2020.

Air maintenance firms, manufacturers plan for $60 billion in lost sales

Maintenance firms and spare parts producers who keep airplanes running are bracing for a decline of up to 75% in sales this year - and more pain to follow - as airlines park or retire thousands of aircraft due to the coronavirus pandemic.

Worth about $80 billion in sales last year, the industry ranges from engine makers like General Electric Co (GE.N) and Rolls-Royce Holdings Plc (RR.L) to systems companies like Honeywell International Inc (HON.N) and Raytheon Technologies Corp RTX.N and a host of smaller suppliers.

Jetliners on average cost $3 million a year to service and make up a significant portion of revenue for most of these firms. That is under threat as the crisis cripples air travel and reduces the number of hours planes spend in the air, pushing back overhauls.

"We foresee reduction in maintenance, repair and overhaul demand of 60% or more for commercial aero engines (in 2020).



And production will fall 40-50%," said Kevin Michaels, managing director at aerospace consulting firm AeroDynamic Advisory. "We will have an overhang of thousands and thousands of aircraft more than we require for years. To balance that out, you are going to have to retire thousands of aircraft."

The decline of up to 75% in services revenue, which amounts to about $60 billion in lost sales, was estimated by analyst Richard Aboulafia at aerospace consultancy Teal Group. Lower demand for new jets is also causing the industry to revisit projections for demand for services later on, as fewer jets come down the pipeline for future parts servicing.

Thousands of layoffs are already planned or under way but some aerospace experts suggest the impact is likely to be deeper than originally thought and point to several years of hard choices, with the market properly recovering only in 2023.

The International Air Transport Association said last week that airlines would lose $84 billion in 2020, with revenue down by half to $419 billion, the worst year in the sector's history.

France pledges 15 billion euros in aid for aviation sector

The French government will provide 15 billion euros ($16.9 billion) to support the country's aviation industry, which has been hammered by travel restrictions imposed to blunt the coronavirus pandemic, Finance Minister Bruno Le Maire said on 9 June.

"We are declaring a state of emergency to save our aeronautics industry so that it can be more competitive," Le Maire said at a press conference in Paris. "If we hadn't intervened right away, a third of the jobs in the sector would have disappeared... that's around 100,000 of the 300,000 direct and indirect jobs in the sector," he added.

The southwestern French city of Toulouse is home to the headquarters of pan-European aircraft maker Airbus, which for decades has supported hundreds of suppliers and service providers in the region. But orders have dried up as airlines worldwide warn they are facing catastrophe as the prospects for travel remain highly uncertain as the COVID-19 crisis takes its toll.

The government has already announced that Air France-KLM, which posted a 1.8 billion euro loss in the first quarter, will get seven billion euros in loans either from, or backed by the state. That money will allow it to go through with a purchase of 60 Airbus A220 planes and 38 long-haul A350 jets.



The French state and Airbus, as well as Dassault Aviation, Thales and Safran, will contribute 200 million euros each to a fund for small- and mid-size firms, in particular to help them invest in carbon-reduction technologies.

The plan also includes 1.5 billion euros to spur research on a future "carbon neutral plane" over the next three years, with a goal of having the plane operation by 2035, Le Maire said. Defence Minister Florence Parly, who attended the press conference alongside Environment Minister Elisabeth Borne, said 600 million euros of planned military orders would be accelerated, including the purchase of three Airbus A330s that will be converted to refuelling planes, and eight Caracal troop transport helicopters.

The military will also double its orders reserved for small- and mid-size firms, to some 100 million euros, to develop light surveillance planes and drones, "ensuring 1,300 jobs for the next three years," Parly said. The support for the aviation sector comes after French President Emmanuel Macron promised eight billion euros for the auto sector, with a focus on developing the electric vehicle market.

French drugmaker Sanofi to cut up to 1,680 jobs in Europe

French drugmaker Sanofi (SASY.PA), which employs more than 100,000 people worldwide, confirmed on 26 June it will axe up to 1,680 jobs in Europe to cut costs and lift profits. The lay-offs are part of a broader



strategy outlined in December by Sanofi CEO Paul Hudson, which includes a cost savings target of 2 billion euros ($2.2 billion) by 2022.

A Sanofi spokeswoman said the cuts, mainly affecting blue-collar workers, would be carried out over three years. Reuters reported that Sanofi was considering hundreds of job cuts and would hold talks with staff representatives on 26 June and on 29 June. A source said some 1,000 jobs would go in France, where it has about 25,000 staff.

None of Sanofi's plants will close, a source familiar with its thinking said, but activity at some research centres will cease after it decided last year to end diabetes and cardiovascular research, two areas where it has lost ground. An internal document seen by Reuters said Sanofi will focus on greater efficiency through digitalisation and IT outsourcing.

A French Finance Ministry source told Reuters that the government will ensure that there are no sites closed and there are no forced lay-offs. Sanofi has been bulking up in areas where it believes it can secure leading positions, including cancer drugs and last year said it would buy U.S. biotechnology firm Synthorx THOR.O for about $2.5 billion.

Vaccines are also a priority for Sanofi which is working on two candidates to prevent COVID-19, one with GlaxoSmithKline (GSK.L) and another with U.S. Translate Bio (TBIO.O).

Sanofi said it would invest 610 million euros at two French sites to turn them into a hub dedicated to research, development and production of vaccines. Some 200 new jobs are expected to be created at one of the locations.

Italy approved guarantees for $7.1b loan to Fiat Chrysler

Italy has approved a decree offering state guarantees for a 6.3-billion euro ($7.1 billion) loan to Fiat Chrysler's Italian unit, the Treasury said on 24 June, paving the way for the largest crisis loan in Europe to an automaker.



The formal announcement follows an endorsement by the country's audit court and brings to an end a lengthy approval procedure for the loan, which has drawn criticism in Italy. By providing state support, Rome "aims to preserve and strengthen the Italian automotive supply chain," Economy Minister Roberto Gualtieri said in a statement.

FCA's Italian division has tapped Rome's COVID-19 emergency financing programs to secure a state-backed, three-year facility to help it weather the crisis triggered by the coronavirus pandemic. The aid will also help Italy's broader car sector, in which about 10,000 businesses operate.

The loan will be disbursed by Italy's biggest retail bank Intesa Sanpaolo, which has already authorized it pending the approval of guarantees the government will provide on 80 percent of the sum through export credit agency SACE. The request for state support sparked controversy because FCA is working to merge with French rival PSA and because FCA's holding company is registered in the Netherlands.

Saudi Aramco completes purchase of 70pc stake in chemical giant SABIC

Saudi Aramco said on 17 June it has completed the acquisition of a 70 percent stake in chemical giant SABIC for $69.1 billion, boosting it as one of the world's largest producers. The stake was held by the Public Investment Fund (PIF), the kingdom's sovereign wealth fund which has reportedly been on a spree to purchase stakes in international firms.

"The completion of the transaction enhances Aramco's presence in the global petrochemicals industry," Aramco said in a statement. "Combined, in 2019 Aramco and SABIC recorded petrochemicals production volume of nearly 90 million tonnes," one of the world's largest, the company said.

Completion of the purchase comes six months after Aramco sealed the world's biggest initial public offering, selling 1.7 percent of its shares for a record $29.4 billion. Last year, the energy giant raised $12 billion in a bond sale to help pay for the SABIC acquisition. Aramco chairman Yasir al-Rumayyan, who also chairs the Saudi wealth fund, said the SABIC deal served both parties.

"It provides capital for PIF's long-term investment strategy as it drives the economic transformation and growth of Saudi Arabia, further benefiting the people of our country," Rumayyan said. "It supports Aramco's continued growth in downstream and enhances its international footprint."

The government last month transferred $40 billion to PIF from the foreign reserves managed by the Saudi central bank to support its liquidity. In the first quarter of this year, it bought $7.7 billion holdings in a host of companies -- from Boeing, Walt Disney and Starbucks to Marriott and Citigroup.



SABIC's share price has fallen by more than 27 percent since the deal was announced early last year. The company posted losses in both the fourth quarter of last year and first quarter of this year over low prices.

Source : The Daily Star

UK airports warn 20,000 jobs at risk as travel slump continues

Up to 20,000 jobs could go at Britain's airports, an industry group warned, calling on the government to do more to help an aviation industry that was shut down by the COVID pandemic and is now struggling to restart due to quarantine rules. The Airport Operators Association (AOA), which represents more than 50 airports, said future passenger numbers at UK airports were expected to be significantly lower, and analysis of its members suggested up to 20,000 jobs were at risk.

Up to 110,000 jobs could be lost in industries supported by airports, AOA warned. Later on 24 June, airport ground services and cargo handling company Swissport said it could cut up to 4,556 jobs in the UK and Ireland. AOA called on the government to scrap its quarantine regime, provide relief from business rates, extend a job retention scheme, directly fund the sector regulator and suspend air passenger taxes to help save jobs in the industry.

UK-based airlines British Airways (ICAG.L), Virgin Atlantic and easyJet (EZJ.L) have already announced close to 20,000 job losses between them. The country's biggest airport Heathrow has also started a voluntary redundancy scheme. Britain has a 14-day quarantine policy in place for arrivals into the country from abroad, which airlines, airports and the hospitality sector have said is deterring international travel at a time when they had been hoping for it to recover.



The rule is due to be reviewed on June 29, three weeks after it was introduced and could be replaced by "air bridges", which would allow restriction-free travel between countries with low infection rates.

US home sales hit record low

US home sales dropped to their lowest level in more than 9-1/2 years in May, strengthening expectations for a sharp contraction in housing market activity in the second quarter following disruptions caused by the COVID-19 pandemic.

The report from the National Association of Realtors on 22 June also showed the smallest annual home price increase in more than eight years. The slump in existing home sales reflected closings on contracts signed in March and April, when nearly the whole country was under lockdowns to slow the spread of the respiratory illness.

With applications for home loans surging to an 11-year high in recent weeks amid record low mortgage rates, May was probably the nadir for the existing housing market. Data last week showed a sharp rebound in building permits in May. But nearly 20 million people are unemployed and housing supply remains tight.

Existing home sales fell 9.7 per cent to a seasonally adjusted annual rate of 3.91 million units in May, the lowest level since October 2010. It was the third straight monthly drop. Economists polled by Reuters had forecast existing home sales would fall 3 per cent to a rate of 4.12 million units in May.

Home resales, which make up about 90 per cent of U.S. home sales, decreased 26.6 per cent on a year-on-year basis in May, the largest annual decline since 1982. There were 1.55 million previously owned homes on the market in May, down 18.8 per cent from a year ago. Stocks on Wall Street were trading higher as investors weighed stimulus-fueled recovery hopes against an increase in U.S. coronavirus infections. The PHLX housing index was little changed. The dollar fell against a basket of currencies. U.S. Treasury prices rose.

Home sales fell in all four regions last month. The NAR said with many companies allowing greater flexibility for employees to work from home amid the COVID-19 pandemic, demand for housing was skewed towards single-family homes, mostly in the suburbs.



Economists believe the migration to suburbs from city centers could ease some of the housing shortage. A homebuilder survey last week showed strong demand in June for single-family homes in inner and outer suburbs featuring lower density neighborhoods.

Single-family home sales dropped 24.8 per cent in May from a year ago, while multi-family homes plunged 41.4 per cent. The median existing house price rose 2.3 per cent from a year ago to $284,600 in May. That was the smallest gain since February 2012. Though single-family home prices increased, the median condominium price fell.

Economists are forecasting residential investment will decline at around a 20 per cent annualized rate in the second quarter. That would contribute to gross domestic product sinking at as much as a 37.5 per cent pace during that period, they said. The economy contracted at a 5 per cent rate in the first quarter, the sharpest since the 2007-2009 Great Recession.

WTO News

WTO, UNCTAD, ITC chiefs announce rollout of revamped trade data tool for small businesses

The heads of the WTO, the United Nations Conference on Trade and Development (UNCTAD) and the International Trade Centre (ITC) announced on 26 June the rollout of an improved and expanded digital tool, the Global Trade Helpdesk, that will help micro, small and medium-sized enterprises (MSMEs) gain access to trade data and take advantage of new market opportunities.



The online platform (www.globaltradehelpdesk.org), originally launched at the WTO's 11th Ministerial Conference in 2017, provides businesses with a wide range of information needed to analyse and trade with prospective markets, from up-to-date trade statistics to information on tariffs and regulatory requirements and export potential analysis.

The updated Global Trade Helpdesk — launched on MSMEs Day — has expanded data coverage and offers a better user experience. It also includes information on temporary trade restrictions introduced in response to the COVID-19 crisis.

Other additions to the platform include a new business directory, resources to help small businesses protect intellectual property rights, and online resources to help MSMEs develop their trade and market analysis skills. Users can also compare export potential opportunities across various target markets. The platform is now available in Russian as well as in Arabic, English, French and Spanish.

In their joint statement, WTO Director-General Roberto Azevêdo, UNCTAD Secretary-General Mukhisa Kituyi and ITC Executive Director ad interim Dorothy Tembo declared: "As the leaders of organisations concerned with global trade and inclusive growth, we commit to continue working closely together to ensure that firms have access to the timely and relevant trade and market information they need to make effective decisions in a rapidly changing global market."

Members underline importance of facilitating safe agri-food trade in times of crisis

WTO members stressed the importance of providing a coordinated response to global crises such as the COVID-19 pandemic and ensuring that trade in agricultural and food products is not unduly restricted at a meeting of the Committee on Sanitary and Phytosanitary (SPS) Measures on 24 June. The meeting began with a session dedicated to COVID-19 information-sharing. Members commended the extensive work of the WTO Secretariat in compiling SPS measures implemented since the start of the pandemic. Almost half of these measures facilitate trade, with increased use of electronic certification.

Noting that agricultural and food production systems have been resilient despite the considerable challenges over the past few months, members agreed that now, more than ever, respecting the key principles of the SPS Agreement is needed. These principles include transparency and ensuring that trade measures have a sufficient scientific basis. Even COVID-19 emergency measures must comply with the requirements of the SPS Agreement, members said.

The importance of respecting international standards and participating in the work of the international standard-setting bodies (ISSBs) — Codex Alimentarius, the World Organization for Animal Health (OIE) and the International Plant Protection Convention (IPPC) — was also highlighted. Moreover, some members stressed that the crisis has brought about an increased uptake in electronic certification tools and other trade-facilitating measures.

The WTO Secretariat updated members on COVID-19 related SPS documents submitted in recent months. From the start of the pandemic, the WTO Secretariat put in place a dedicated web page to keep track of all trade measures relating to goods, services and intellectual property adopted in the context of the pandemic. The site also contains trade forecasts and COVID-19 reports prepared by the Secretariat as well as a list of notifications submitted by WTO members.

Out of the 175 notifications related to COVID-19, the majority (40%) were submitted under the WTO's Agreement on Technical Barriers to Trade (TBT) while 25% were notified under the SPS Agreement. These can be retrieved from the SPS Information Management System (SPS IMS) using the COVID-19 SPS keywords filter. A filter in the ePing system can also be set to receive email alerts on COVID-19 related SPS notifications.

Initially, the notified measures were mainly trade restrictions and increased certification requirements. They were notified as emergency measures and temporarily restricted imports and/or the transit of terrestrial or aquatic animals from affected areas in order to limit the spread of the virus. Some of the measures were subsequently lifted. A trade-restrictive measure notified in May temporarily restricted wild animals considered as possible intermediate hosts for COVID-19 transmission.

Other notifications covered the extension of the comment period for a proposed rule and the postponement of the date of adoption of technical regulations and standards previously notified. Information contained in general communications referred, among other things, to the temporary relaxation of labelling requirements for food products and measures to be implemented in organic certification processes. These communications also covered guidelines on the approval of SPS import clearance for meat commodities and a request for the suspension of the process and entry into force of reductions of maximum residue levels (MRLs) for plant protection products.

Since April, however, most notifications and communications from members have related to measures taken to facilitate trade, now representing almost half of the total.



The Secretariat also reported that some members notified permanent moves to phytosanitary certification within the ePhyto Solution being implemented by IPPC and supported by the Standards and Trade Development Facility (STDF).

The STDF Secretariat noted that COVID-19 has seriously disrupted trade and caused a substantial shock to the agri-food sector. The pandemic provides a clear reminder of the ease and speed at which pests and diseases can spread worldwide as well as the inter-connectedness of global supply chains, underscoring the importance of building food safety and animal and plant health capacity. The STDF representative highlighted the value of working together to ensure that the public and private sector, especially in developing countries, is better equipped and, in the longer term, more able to respond to such crises. There are a lot of challenges but also opportunities to do things better and differently in the future, the STDF representative said.

Members were also briefed by the so-called "three sisters" (Codex Alimentarius, OIE and IPPC) on their COVID-19 related work. The three organisations agreed on the importance of enhanced global networks in effectively tackling emergency situations and warned against the temptation of relying solely on national measures to avoid further trade disruptions.

While stressing the need to take a multi-sectoral and coherent approach to address the pandemic, the agencies said that keeping the virus out of the food chain and production centres should be paramount and emphasised that no COVID-19 related measures should be adopted without sufficient scientific basis.

The World Health Organization was invited to address the Committee. It spoke about the role of the International Health Regulations (IHRs) in facilitating information exchange on public health responses, ensuring that the responses are commensurate to the risk and avoiding unnecessary interference with international trade and transportation. The WHO also referred to its COVID-19 related guidance documents for food businesses and food safety control systems.

Trade falls steeply in first half of 2020

World trade fell sharply in the first half of the year, as the COVID-19 pandemic upended the global economy. However, rapid government responses helped temper the contraction, and WTO economists now believe that while trade volumes will register a steep decline in 2020, they are unlikely to reach the worst-case scenario projected in April.

The volume of merchandise trade shrank by 3% year-on-year in the first quarter according to WTO statistics. Initial estimates for the second quarter, when the virus and associated lockdown measures affected a large share of the global population, indicate a year-on-year drop of around 18.5%. These declines are historically large, but could have been much worse. The WTO's 20 April annual trade forecast, in light of the large degree of uncertainty around the pandemic's severity and economic impact, set out two plausible paths: a relatively optimistic scenario in which the volume of world merchandise trade in 2020 would contract by 13%, and a pessimistic scenario in which trade would fall by 32%. As things currently stand, trade would only need to grow by 2.5% per quarter for the remainder of the year to meet the optimistic projection. However, looking ahead to 2021, adverse developments, including a second wave of COVID-19 outbreaks, weaker than expected economic growth, or widespread recourse to trade restrictions, could see trade expansion fall short of earlier projections.

In light of available trade data for the second quarter, the April forecast's pessimistic scenario, which assumed even greater health and economic costs than what had transpired, appears less likely, since it implied sharper declines in the first and second quarters.

The COVID-19 pandemic and associated containment efforts intensified in the second half of March. Strict social distancing measures and restrictions on travel and transport were fully in effect in most countries throughout April and May, and are now increasingly being relaxed. These developments are reflected in a variety of economic indicators which, taken together, suggest trade may have possibly bottomed out in the second quarter of 2020.



Global commercial flights, which carry a substantial amount of international air cargo, were down nearly three quarters (-74%) between 5 January and 18 April, and have since risen 58% through mid-June. Container port throughput also appears to have staged a partial recovery in June compared to May. Meanwhile, indices of new export orders from purchasing managers' indices also started to recover in May after record drops in April. It is useful to keep in mind that these rebounds follow historic or near-historic declines, and will need to be monitored carefully before drawing any definitive conclusions about the recovery.

The outlook for the global economy over the next two years remains highly uncertain. This is reflected in the range of GDP estimates from other international organizations, in some cases relying on multiple scenarios. The World Bank, OECD and IMF have all released forecasts showing significant slowdowns in global trade and GDP; all are broadly consistent with the WTO's forecast for the current year. The World Bank's recent forecast would see global output decline by 5.2% in 2020, falling between the WTO's optimistic and pessimistic range. Other international organizations' GDP forecasts for 2020 are also increasingly negative, even as their trade projections stay roughly in line with the WTO's optimistic scenario. These estimates imply a less negative trade response to declining GDP growth than was observed during the global financial crisis of 2008-09.

The responsiveness of trade to changes in income can be measured by the ratio of the growth of merchandise trade volumes to real GDP growth at market exchange rates, also referred to as the income elasticity of trade. The implied elasticity under the WTO's optimistic forecast for 2020 was 5.3 – in line with that seen during the financial crisis. However, if world GDP instead contracts by the World Bank's estimated 5.2% with a trade decline of 13.4%, the elasticity would only be 2.6.(2) Lower elasticity implies trade holds up better for a given fall in income.

There are several reasons why trade might respond less to changes in GDP than it did during the financial crisis. First, fiscal and monetary policies have arguably been rolled out more quickly and on a larger scale in the current crisis than they were in 2008-09. The WTO forecast scenarios did not include an attempt to model either set of policy responses, since, at the time, these policies were just being introduced. Second, income support to households and expectations that the pandemic would eventually ease may have encouraged consumers to maintain consumption levels at a higher level than expected. Finally,

much of the decline in output has been concentrated in non-tradeable services such as hospitality, personal services and entertainment, which tend to be less import-intensive than manufacturing. Automobile sales have also rebounded from recent, though admittedly extreme, lows. For example, sales of cars in China were up 5% year-on-year in May after falling 79% in February.

Car sales in Western Europe and the United States were still down sharply in May compared to last year, but declines were smaller than in the previous month. Increased purchases of consumer durables could be seen as a bellwether signalling renewed consumer confidence as lockdowns are lifted and economies start to revive. They will thus be closely monitored in the coming months.

WTO webinar explores way forward for sustainable trade after COVID-19

Trade and the WTO have an important role to play in steering global recovery towards a sustainable course for the well-being of the world's population and the planet in the wake of the COVID-19 crisis, speakers said at a 4 June webinar organized to mark World Environment Day. The aftermath of the pandemic provides a window of opportunity to reinvigorate work so that trade policies help generate greener and more resilient economies, they said.

"Protecting the planet is not a luxury. It's a necessity. The COVID-19 pandemic has rightly drawn our attention to the health crisis, along with its immense social and economic effects," WTO Director-General Roberto Azevêdo said in a video message to the online event convened by the chair of the WTO Committee on Trade and Environment (CTE), Ambassador Chad Blackman of Barbados, with the support of the WTO Secretariat.

"Rising environmental stresses leave our societies vulnerable to natural disasters, resource scarcity and disease. And we know that it is the poorest who suffer the most. In fact, a collective response on trade that fosters sustainability, inclusiveness and resilience is what this crisis calls for," said DG Azevêdo.

"The good news is we are not starting from scratch," Ambassador Blackman said. Before the pandemic, he said, the CTE already served as a global forum dedicated to promoting global cooperation on sustainable trade by discussing WTO members' policies to establish circular economies, address plastic pollution, and eliminate trade barriers on environmental goods and services. Ambassador Blackman encouraged WTO members to intensify policy dialogue, invigorate efforts to make trade policies supportive of sustainability and explore creative ways to make trade more resilient to growing environmental risks.

"We must keep the momentum going within the committee. The saying always goes that we should never waste a good crisis. I truly believe COVID-19 presents the opportunity for us to harness all that we have been trying to achieve for a number of years within the WTO and outside the WTO," Ambassador Blackman said.

Other speakers stressed how the COVID-19 crisis has served to magnify persisting challenges in



trade and the environment and how global cooperation can be intensified in its aftermath.

Ambassador Andrew Staines of the United Kingdom noted how WTO members have yet to conclude an agreement to liberalize trade in environmental goods and services that reduce greenhouse gas emissions and other pollution and improve energy efficiency. The need to rebuild in the wake of the COVID-19 crisis and to address the climate crisis presents a new opportunity for members to try again on that front, he said. Trade is a key driver of technology dissemination and can support the innovation needed to drive the green transition.

Diane Holdorf, Managing Director for Food and Nature at the World Business Council for Sustainable Development, reflecting on trade disruptions during the pandemic, said the private sector can play a significant role in pursuing sustainable trade and ensuring global supply chains are made more resilient. The WTO can help economies to evolve to be more inclusive and environmentally conscious.

UN Environment Programme's chief of the market and resources branch, Steven Stone, highlighted the importance of upholding multilateral rules for global and national prosperity, forging partnerships across the trade and environment communities, and taking advantage of the current tipping point to deliver long-awaited outcomes on fisheries subsidies, fossil fuel subsidy reform, carbon markets, and illegal and unregulated wildlife trade, among other things.

Daphne Ewing-Chow, a Forbes senior contributor, looked at the impact of the crisis on trade from the perspective of Caribbean and small island developing states which have to grapple with climate disruptions. She stressed the importance of trade in building resilience, creating jobs and supporting economic diversification as a means for economic recovery after COVID-19.

Céline Charveriat, Executive Director of the Institute for European Environmental Policy (IEEP), drew attention to the risk that economic recovery strategies after COVID-19 may protect inefficient and environmentally harmful industries through beggar thy neighbour policies. She called for recovery strategies that aim not only to allow countries to bounce back but to bounce forward towards a more sustainable future.

Carolyn Deere Birkbeck, senior researcher at the Graduate Institute of International and Development Studies, supported Ms Charveriat in suggesting that the WTO step up existing work on its environmental agenda but also consider the sustainability dimension in all negotiations outside the environmental portfolio. They highlighted the importance of helping developing countries to manage the green transition and build capacity through Aid for Trade. The WTO Secretariat stands ready to support members in their efforts to pursue more sustainable trade, Aik Lim Hoe, Director of the WTO's Trade and Environment Division, said in closing the webinar.

WTO report looks at impact of COVID-19 pandemic on services trade

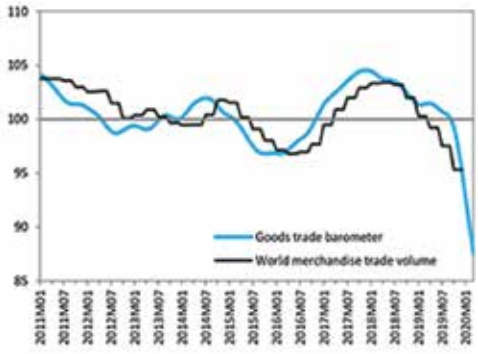
A new information note published by the WTO Secretariat looks at how the COVID-19 pandemic has affected trade in services, from tourism and transport to retail and health services.

The note provides an overview of the impact of COVID-19 on various modes of supply and sectors that have been heavily affected by the crisis. It underscores that the crisis has led to greater reliance on online services in a number of sectors as consumers develop new habits to cope with social distancing measures imposed to combat the pandemic.

The report points to the importance of services to broader economic activity and its role in connecting supply chains and facilitating merchandise trade. As services account for most of women's employment globally and a great share of micro, small and medium-sized enterprises activity, disruptions in the supply of services also have an impact on social and economic inclusiveness.

The report suggests that services trade will be key to economic recovery globally. Services such as telecommunications and computing that are vital for online supply and those such as distribution, transport and logistics that facilitate merchandise trade will help to support economic growth.





Business leaders stress role of trade and WTO in COVID-19 response

Senior business representatives from around the world discussed the role of trade policy in tackling the health and economic implications of the COVID-19 crisis at a virtual Trade Dialogues meeting facilitated by the WTO on 19 May. Over 70 business representatives took part in the meeting, sharing views on trade policy measures that could improve the global response to the pandemic.

Organized at the request of the International Chamber of Commerce (ICC) and B20 Saudi Arabia, the meeting brought together business leaders representing companies both large and small from a variety of sectors.

The meeting was also attended by Director-General Roberto Azevêdo, Chair of the WTO General Council David Walker, ICC Secretary-General John W.H. Denton and Chair of B20 Saudi Arabia Yousef Al-Benyan.

The meeting followed a recent call from the ICC and the WTO for more dialogue between governments and the business community to enhance the effectiveness of public policies in response to COVID-19. Together, the ICC and B20 collaborated with the WTO Director-General Roberto Azevêdo to facilitate this exchange with the private sector on trade's role in mitigating the economic damage resulting from the pandemic.

The participants, who represented companies from developed and developing countries from different regions around the world, discussed trade policy responses that could help businesses in their efforts to combat the effects of the crisis and debated the role the WTO could play.

Business leaders stressed the importance of maintaining an uninterrupted supply of essential goods and services at times of crisis. They also called for an effective and rapid implementation of the WTO's Trade Facilitation Agreement. Echoing language from the G20, they stressed the need for any COVID-related trade restrictions to be targeted, proportionate, transparent and temporary.

Participants underlined the importance of international policy coordination and urged governments to see trade as a complement to domestic production. They emphasized that the WTO has an important role in urging members to provide more transparency on COVID-19 related measures and in gathering examples of best practice in trade-related responses to the crisis. WTO Director-General Roberto Azevêdo said:

"Cooperation among governments, businesses, international organizations and other stakeholders will be critical for an effective policy response to COVID-19. That's why I was happy to facilitate today's dialogue with businesses. Companies of all sizes made concrete recommendations for policy action, including on trade, that would lay the groundwork for a strong and inclusive economic recovery. It was heartening to hear so much support for the predictability and certainty fostered by the multilateral trading system — as well as interest in ongoing efforts to update the WTO rulebook."

John W.H. Denton AO, Secretary General, International Chamber of Commerce, said:

"Maintaining a functioning trading system is vital to protect lives and livelihoods through the COVID-19 crisis. Governments and businesses must unite to resist protectionism taking root in the global economy. The private sector is uniquely placed to advise governments on how trade policy can be used to speed the response to the pandemic and enable a rapid economic recovery.

"In this context, we also need to move from talk to action on WTO reform so that it can once again live up to its founding promise of liberalising trade, opening up markets and enabling fair competition. That means finally completing fisheries subsidies negotiations, creating new rules on digital trade and e-commerce, providing greater support for small businesses, and improving the inner workings of the WTO so that it can operate quickly, flexibly and with its ultimate users in mind — business."

Yousef Al-Benyan , Chair of the B20 Saudi Arabia, said:

"As the world contends with COVID-19, the role of global trade and importance of global supply chains has never been more heightened. Through a coordinated international effort, unrestricted trade and investment can be part of the solution to this crisis and is critical to help us prepare for a recovery.

I'm grateful to the WTO and ICC for assembling esteemed leaders to discuss the importance of a concerted action plan to address the pandemic and its impact on trade. Only through close international collaboration can we foster a resilient trade environment and diversified global supply chains to confront the challenges of both today and the future.

General Council Members discuss trade responses to COVID-19 pandemic

At a meeting of the General Council on 15 May, WTO members exchanged views regarding trade responses to the COVID-19 pandemic. Many members said the unprecedented crisis was best addressed through enhanced cooperation and coordination among the international community,

including at the WTO. More than 60 member delegations intervened at the meeting to discuss immediate responses to COVID-19 as well as longer-term strategies for addressing the adverse impact of the crisis on national economic and development prospects, as well as on the global economy as a whole. The meeting was held virtually due to continued restrictions on gatherings at WTO headquarters.

David Walker, the New Zealand ambassador chairing the General Council, said in conclusion that addressing the health crisis remains the urgent priority, and that many members taking the floor noted the importance of trade in that context — namely, to keep markets open in order to facilitate the flow of essential medical goods as well as agricultural and food products.

DG Azevêdo described the WTO's efforts to track members' COVID-19 related trade measures as part of the organization's monitoring and transparency mandate. More information is available on the WTO's dedicated COVID-19 webpage here.

In their interventions many members recognized the unique situation governments were currently facing. While recognizing the need to take measures necessary to ensure the supply of essential medicines and medical equipment, they stressed that any such measures must be temporary, targeted, proportional and transparent.

Many developing country members that took the floor underlined the importance of flexibilities in the existing WTO agreements to respond to health emergencies, including under the Agreement on Trade-Related Aspects of Intellectual Property Rights (TRIPS). They also said access to trade finance was a concern for many developing countries as well as the impact of the current crisis on their micro-, small and medium-sized enterprises.

A number of members called for re-engaging in negotiations such as fisheries subsidies and cited the importance of getting the WTO back to work in earnest.

Many members supported taking a decision soon on the dates and venue for the WTO's 12th Ministerial Conference, which had been scheduled to take place in June 2020 before being postponed because of the pandemic.

DG Azevêdo announces he will step down on 31 August

At a virtual meeting of all WTO members on 14 May, WTO Director-General Roberto Azevêdo announced that he would step down on 31 August, cutting his second term short by exactly one year. He said that bringing forward his departure would allow members to select his successor in the coming months, without diverting political energy and attention from preparations for the Twelfth Ministerial Conference, which is set to be held in 2021. "We must give my successor sufficient time to plan, together with you, the path not only for MC12, but for how that Conference fits into your plans for the future of the Organization," he told members. "The earlier the new DG takes office the better."

IMF and WTO heads call for lifting trade restrictions on medical supplies and food

International Monetary Fund (IMF) Managing Director Kristalina Georgieva and WTO Director-General Roberto Azevêdo issued a joint call on 24 April for governments to refrain from imposing export and other trade restrictions on key medical supplies and food and to quickly lift those put in place since the start of the year.





In response to the COVID-19 pandemic, some governments have adopted measures to facilitate imports of medical products, such as cutting import duties, curbing customs-clearance processes, and streamlining licensing and approval requirements, the two agency heads noted. Similar attention should be paid to facilitating exports of key items such as drugs, protective gear and ventilators, they added.

While global trade rules allow for temporary export restrictions to prevent or relieve critical shortages,

"we urge governments to exercise caution when implementing such measures in the present circumstances". "What makes sense in an isolated emergency can be severely damaging in a global crisis," they warned. "Such measures disrupt supply chains, depress production, and misdirect scarce, critical products and workers away from where they are most needed." "The result is to prolong and exacerbate the health and economic crisis — with the most serious effects likely on the poorer and more vulnerable countries." Ms Georgieva and DG Azevêdo also expressed concern with the decline in the supply of trade finance, which ensures that imports of food and essential medical equipment reach the economies where they are most needed. In addition, despite strong supply, export curbs on some food items are beginning to appear.

"The experience in the global financial crisis showed that food export restrictions multiply rapidly across countries and lead to ever greater uncertainties and price increases," they noted.

The WTO and the Group of 20 offer two forums for global policy coordination on these important matters, the agency heads added.

WTO report finds growing number of export restrictions in response to COVID-19 crisis

Eighty countries and customs territories so far have introduced export prohibitions or restrictions as a result of the COVID-19 pandemic according to a new report by the WTO Secretariat. The report, which is based on information from official sources and news outlets, draws attention to the current lack of transparency at the multilateral level and long-term risks that export restrictions pose to global supply chains and public welfare.

The new export prohibitions and restrictions mostly cover medical supplies such as face masks, pharmaceuticals, ventilators and other medical equipment, the report finds. Some of the measures have extended the controls to other products such as food and toilet paper.

However, only 13 WTO members (or 39 if EU member states are counted individually) have submitted information on these new measures in line with WTO rules for quantitative restrictions. Three of them have notified export restrictions on foodstuffs pursuant to the WTO Agriculture Agreement.

The report notes the harms and delays that insufficient information inflicts on countries seeking to procure materials to fight against the COVID-19 pandemic and provides guidance on how WTO members can notify their measures. Only a handful of notifications were submitted in March 2020 and these have since increased in April.

While the report acknowledges exceptions in WTO rules for export prohibitions or restrictions, it also highlights costs that both importing and exporting economies will face in the long run, particularly in terms of lower supply and higher prices for much-needed products.

WTO launches call for candidates for 2021 Young Professionals Programm

The WTO has issued a call for candidates for the 2021 Young Professionals Programme (YPP). Candidates up to the age of 32, as of 1 January 2021, from eligible developing and least-developed countries are invited to submit their application by 29 May 2020. The selected candidates will work at the WTO Secretariat for one year, starting in January 2021.

Launched in 2016, the YPP has attracted over 40 young professionals from countries that are under-represented in the WTO Secretariat. The Programme demonstrates the WTO's efforts to increase diversity and broaden the representation of its membership.

In 2020, the programme consists of 12 young professionals from the following countries: Albania, Bahrain, Cuba, Dominica, Fiji, Guyana, Israel, Lesotho, Mali, Mozambique, North Macedonia and Singapore. They were selected from more than 1,200 candidates from all over the world following a highly competitive selection process.



Heads of WTO, WHO cite importance of open trade in ensuring flow of vital medical supplies

WTO Director-General Roberto Azevêdo and World Health Organization Director-General Tedros Adhanom Ghebreyesus issued a joint statement on 20 April underlining their support for efforts to ensure the normal cross-border flow of vital medical supplies and other goods and services. "Protecting lives is our top priority, and these efforts can be impeded by unnecessary disruptions to global trade and supply chains," they declared. The joint statement is below.





Joint statement by WTO Director-General Roberto Azevêdo and WHO Director-General Tedros Adhanom Ghebreyesus

COVID-19 has rapidly progressed to become a global pandemic, causing unprecedented, far-reaching impact on the health, social and economic well-being of communities around the world. The World Health Organization (WHO) and World Trade Organization (WTO) are committed to responding effectively to the situation, working together with other international organizations and our respective memberships. Global, coordinated action is required to deal with the extraordinary challenges the pandemic poses to people's health as well as their livelihoods.

Protecting lives is our top priority, and these efforts can be impeded by unnecessary disruptions to global trade and supply chains. Governments' trade policy decisions significantly influence both getting medical equipment and supplies to where they are urgently needed and catalyzing the supply of critical inputs for the production of medicines and health technologies to fight the pandemic. Keeping trade in health technologies as open and predictable as possible is therefore of vital interest. This will help countries to respond to this crisis, to recover from it and to build the health systems that will foster greater resilience in the future.

WHO and WTO are working together to support efforts to ensure the normal cross-border flow of vital medical supplies and other goods and services, promoting them where possible, and to resolve unnecessary disruptions to global supply chains, in furtherance of the International Health Regulations (2005) and WTO rules.

The purpose of the International Health Regulations is to prevent, protect against, control and provide a public health response to the international spread of disease in ways that are commensurate with public health risks, with a view to minimizing interference with international traffic and trade. WTO rules provide governments with the flexibilities they may need to address essential medical supply shortages and/or public health challenges. But any measure taken to promote public health that restricts trade should be "targeted, proportionate, transparent and temporary", consistent with recent calls from world leaders. Governments need to avoid measures that can disrupt supply chains and negatively impact the poorest and most vulnerable, notably in developing and least developed countries that are typically reliant on imports of medicines and medical equipment.

We call on our Members to continue to share information about their measures with WHO and WTO, in line with the established transparency mechanisms, which are now especially valuable in supporting a coordinated response. To ensure that health technologies, including diagnostics, medicines, vaccines and other medical supplies vital to treating patients infected by COVID-19, reach those in need quickly, we emphasize the importance of streamlining conformity checks based on regulatory cooperation and international standards.

While we are heartened by the remarkable research efforts and the rapid mobilization of public and private resources to develop COVID-19 health technologies, we call upon governments to implement policy measures that can further facilitate their research and development, and to promote their rapid dissemination within countries and across borders so as to ensure equitable access to those technologies. Such initiatives include targeted investment, ensuring open access to clinical test results, the sharing of relevant intellectual property rights, increasing manufacturing capacity, open and transparent procurement regimes, the elimination of tariffs on relevant health technologies, and trade facilitation measures to reduce costs and delays.

Global action, solidarity and international cooperation are more necessary than ever to address this health situation. WHO and the WTO are working together to play their part.



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