

Commerce Reporter



Dhaka Chamber of Commerce and Industry (DCCI) has urged the government to bring together its global allies and partners in a coordinated endeavor in a bid to protect the people and economy from the adverse impact of coronavirus.

The DCCI, in a media statement, said it also feels the government may approach emergency financing facilities of the International Monetary Fund (IMF), Asian Development Bank (ADB) and the World Bank as an alternative financing stream against low internal revenue trend. Alongside, the chamber body on Tuesday said, the government may negotiate with international development partners seeking interest waiver of the debt payment for next one year.

The coronavirus outbreak has profound impact on global economy and human lives worldwide. This outbreak has already triggered the fear of global recession affecting industrial production, global supply chain, aviation & hospitality industry, retail business, demand for products and services and jobs.

Meanwhile, UNCTAD estimated global growth would slow down maximum 1.5 percent in 2020 and ILO warned about 25 million jobs could be lost worldwide due to outbreak.

ADB predicted earlier that Bangladesh economy may contract by 1.1 of GDP with 894,930 job loss. Bangladesh has already experienced a disruption in the supply chain of RMG industry, leather and pharmaceutical industry, SME, tourism and aviation.

The geo-economic meltdown also affected the major export destinations of Bangladesh like European Union (EU), the USA, the UK and Canada, said the DCCI.

To tackle the outbreak, many EU countries and other parts of the world have enforced lockdown which results in shutdown of high-street retail businesses and trade network to the large extent, it said.

In the wake of this, DCCI said export of Bangladesh to these destinations have fallen.

This downward trend of cross-border trade is set to undermine both the local and export oriented industries of Bangladesh, it said.

Of the export basket of Bangladesh, large export sector RMG alone is going to incur US\$2 billion export loss and pharmaceutical, leather and agro processing and other sectors may incur substantial amount of loss, according to DCCI.

Amidst this looming situation, private sector-the lifeline to the economy- needs to be supported for the economic interest of Bangladesh, it said.

In line with this, to keep economic effects minimum, DCCI put forwards some economic recovery-friendly recommendations in terms of policy measures and reforms.

It urged Bangladesh Bank to create an Emergency Fund with 1 percent interest using foreign exchange reserve to support the financially stressed businesses for paying salary of their workforce.

In addition, Bangladesh Bank can waive bank interest of affected export-oriented manufacturing sectors for the next one year, the chamber body said.

Alongside, DCCI said, other promising export sectors can be brought under the scope of EDF

scheme. Bangladesh bank can also consider extension of repayment period for worst affected businesses.

For the liquidity in banking sector, Bangladesh Bank may relax the Cash Reserve Ratio (CRR) threshold for next year, it suggested.

The DCCI said it also feels as a fiscal burden reduction move of the private sector, the government may waive all forms of AT and VAT for both import and local stages, including food and essentials items, health, hygiene instruments, medical kits and export-oriented manufacturing industry, for the next one year which will help businesses to turn-around to the some extent.

It said National Board of Revenue (NBR) may consider individual and corporate tax concession to support the victims.

The DCCI hailed all decisions of the government for the economy in the given time so far.

"However, DCCI affirms and supports any future measure of the government to control the spread the ripple effects of coronavirus on the economy," the media statement reads.

The DCCI said consideration of their recommendations will enable private and public sector to underpin local economic growth and overcome the global crisis.