

Business

Garment industries in Cambodia, Vietnam hammered by COVID-19

Outbreak cripples SE Asia's key industries, bringing border trade to a trickle

LANG SON, Vietnam: Cambodia's multi-billion-dollar garment industry is at risk of chain disruption from the deadly coronavirus, its strongman premier said yesterday, as the outbreak cripples Southeast Asia's key industries, bringing border trade to a trickle. The death toll from the virus, which emerged from Wuhan in central China, has reached over 3,000 worldwide—the bulk of the fatalities in the mainland.

Beijing issued unprecedented lockdowns for cities and provinces most affected, bringing to a shuddering halt the so-called "Factory of the World"—key to a global supply chain.

The coronavirus has "shaken the global economy", said Cambodia's strongman premier Hun Sen yesterday. Cambodia is already feeling the sting with its \$7 billion dollar garment sector reliant on China for 60 percent of its raw materials. Last week, the labor ministry announced 10 factories had downsized their production lines, leaving 3,000 workers out of work.

But the full impact of the coronavirus is expected to hit in March, when nearly 200 factories are expected to run out of their reserve inventory of materials.

This could spell doom for 160,000 workers and employees—more than 20 percent of the sector's 700,000-strong workforce. Hun Sen said he had asked China to send materials urgently in order to avoid suspending workers.

A labor ministry official told AFP yesterday the country is expected to receive "some" by the end of March, though it would not meet its full demand. Garment worker Pann Sokchea, who toils in Phnom Penh's manufacturing district, fears cuts to her crucial overtime pay. "Factories no longer have cloth coming in, so workers are concerned about their jobs," she told AFP.

Neighboring Vietnam also stands to lose as much as \$2 billion dollars if China-sourced materials are delayed for another fortnight. Le Tien Truong, director general of garment corporation Vinatex, told

state-run media. Like Cambodia, the country's industry is reliant on China for 60 percent of fabrics to fuel its clothing production lines according to the Vietnam Textile and Apparel Association (VITAS).

So far, its garment exports dropped 1.7 percent to \$4.5 billion in the first two months of this year. But exporters of finished products to China are also feeling the heat as container trucks slow to a crawl at the border.

In northern Lang Son, rows of trucks wait hours—or even days—to bring their goods through the main international crossing. A shortage of Chinese labor means unloading operations, previously completed in just over an hour, can now take an entire day.

Meanwhile, fruits and vegetables languish in over-heated trucks as drivers dressed in protective suits periodically check their freshness. "I've been here for four days," driver Le Thanh Duy, who was transporting dragonfruit, told AFP.

"We can do nothing but wait." — AFP



PHNOM PENH: Cambodian workers buy food in front of their factory in Phnom Penh. Cambodia's multi-billion-dollar garment industry is at risk of chain disruption from the deadly coronavirus, its strongman premier said yesterday as its impacts hammer on Southeast Asia's key industries and bring border trade to a trickle. —AFP

Investors fear IMF negotiations will let Argentina off the fiscal hook

BUENOS AIRES: A new program being discussed by Argentina and its biggest lender, the International Monetary Fund, could set up private bondholders for heavy losses without requiring the spending cuts needed to make the country solvent, investors say.

Argentina and the IMF announced last month they would start Article IV consultations - allowing the Fund to inspect Argentina's accounts - as a stepping stone to a possible new program that would replace a default \$57 billion loan agreement struck by the previous government in 2018.

An IMF technical team is due in Buenos Aires this week to meet with economy ministry officials and review the left-leaning government's economic plans. The negotiations with the Fund are part of a broader restructuring of about \$100 billion in debt that Argentina's government says it cannot pay unless given time to revive stalled economic growth.

Analysts and bondholders said discussions on a new program between President Alberto Fernandez's government and the Fund are better than the alternative of having Argentina unilaterally impose terms without IMF feedback. But so far, the Fund has not challenged Argentina's refusal to impose fiscal austerity on an economy in recession.

That is stirring unease among investors - who are hoping the new program will include measures to rein in spending - as they brace for hefty "haircuts," or reductions in principal payments on their bonds. "Our view is that the capacity for Argentina to service its debt is a lot higher than what the government claims and they should be aiming for a higher fiscal surplus," said Steffen Reichold, portfolio manager at Stone Harbor Investment Partners, which holds some Argentine debt.

"Many people have raised this point. We've raised it to IMF. This will be a key issue in the discussions once Argentina makes its first offer," he said. Economy Minister Martin Guzman has stressed two points in talks with the IMF and comments to Congress: the government, in office since December, will not keep paying debts it considers unsustainable and fiscal austerity would only hinder Argentina's repayment capacity by worsening the economy. Guzman insists that growth, not fiscal surpluses, should be first on the agenda as he tries to steer Latin America's third-biggest economy toward sol-



BUENOS AIRES: (Left to right) Argentina's Minister of Transport Mario Mean, Production Minister Matias Kulfas, Economy Minister Martin Guzman, and Defense Minister Agustin Rossi attend the inauguration of the 138th period of ordinary sessions at the Congress in Buenos Aires, Argentina on Sunday. —AFP

veny. Wall Street, aware of Argentina's decades-long history of financial mismanagement, wants to see close IMF supervision.

"The market would like to see the Fund use its institutional credibility and expertise to encourage the authorities to strengthen their fiscal stance and embrace structural reforms," said Goldman Sachs emerging markets analyst Alberto Ramos. "But it seems the IMF will not do that. The Fund seems happy with Argentina's lack of commitment to significantly improve the medium-term fiscal picture and deal with its perennial fiscal imbalances," Ramos said.

Gender employment gap costs EU 360bn euros a year: Agency

BRUSSELS: The gap between female and male employment costs the European Union 360 billion euros (\$399 billion) of losses a year, or some 2 percent of its total economy, a new study said yesterday.

Italy, Malta and Greece had the worst readings with about a 20 percent gap in 2018, when the data was analyzed, while Lithuania, Sweden and Finland were the best, all below 5 percent. Overall, the average figure for the bloc - including Britain prior to its departure - came in at 15 percent and fell

from 480 billion euros in 2008, according to the EU's Eurofund agency, which tracks trends to inform policy-making. The cost is an estimate of foregone earnings, missed welfare contributions and public finance costs related to lower female employment, Eurofund said.

The bloc's executive European Commission will present on Thursday a new gender equality strategy for the 27 member countries, including policies to counter sex-based discrimination and improve women's access to the labor market. It is expected to move for the first time towards introducing a legal obligation to report on the gender pay gap across the bloc, which currently amounts to some 16 percent, according to an EU official working on the plan. "Where there are legally binding measures, the situation improves," the official said. —Reuters

Nokia CEO to step down, replaced by Fortum chief

HELSINKI: Nokia's chief executive officer Rajeev Suri will leave the telecom equipment provider in September and be replaced by the current head of Finnish energy group Fortum, Nokia announced yesterday.

Pekka Lundmark will take over on September 1, Nokia said. Suri, who has been Nokia's president and CEO since April 2014, had "indicated earlier to the board that he was considering stepping down from his role at some point in the future, provided a solid succession plan was in place," the company said.

"After 25 years at Nokia, I have wanted to do something different," Suri said.

Lundmark has also served as CEO of Konecranes, a global material-handling technology leader. Prior to that, from 1990-2000, he held various executive positions at Nokia, including vice president of strategy and business development at Nokia Networks. Lundmark also has "extensive experience in China," he told a press conference yesterday - a market which Nokia last year announced it was backing away from in the light of growing support there for local vendors.

Nokia's share price rose by four percent on the Helsinki stock exchange to 3.6 euros shortly after opening at 0800 GMT, before falling back somewhat. The group has remade itself as a 5G network systems company since its mobile phone business was wiped out by Apple and Samsung. Suri is behind Nokia's recent transformation, including its acquisition of Alcatel-Lucent and the creation of a standalone software business, and the return of the Nokia brand to mobile phones.

He also oversaw the launch of 'internet of things' products designed to revolutionize specific sectors, such as soil sensors for agriculture or tracking systems for logistics firms. However Nokia's attempts to break into the 5G equipment market have faltered in the face of fierce competition from Huawei and Ericsson. Last year Nokia downgraded its 2020 earnings forecast, while chief executive Suri played down the firm's delays in delivering some equipment orders.

Nokia went on to beat expectations in a "challenging" 2019 and last month posted its first full-year net profit since 2015 of 7.0 million euros, and an operating profit of 2.0 billion euros. At yesterday's press conference, Suri defended his record, saying that when he took over as CEO of Nokia Siemens Networks in 2009, the year's operating profit was 28 million euros. "I'm not entirely satisfied with last year but we still had 2 billion compared to that 28 million," he said. — AFP

EXCHANGE RATES

AL-MUZAINI EXCHANGE CO.

ASIAN COUNTRIES	
Japanese Yen	2.830
Indian Rupees	4.253
Pakistani Rupees	1.990
Sri Lankan Rupees	1.682
Nepali Rupees	2.651
Singapore Dollar	221.420
Hongkong Dollar	39.319
Bangladesh Taka	3.598
Philippine Peso	6.055
Thai Baht	9.833
Malaysian Ringgit	78.376

GCC COUNTRIES	
Saudi Riyal	81.775
Qatari Riyal	84.224
UAE Dirham	796.491
Bahraini Dinar	814.270
UAE Dirham	83.490

ARAB COUNTRIES	
Egyptian Pound - Cash	21.000
Egyptian Pound - Transfer	19.666
Yemen Riyal/for 1000	1.231
Tunisian Dinar	114.350
Jordanian Dinar	432.630
Lebanese Lira/for 1000	0.204
Syrian Lira	0.000
Morocco Dirham	32.601

US Dollar Transfer	306.450
Euro	341.690
Sterling Pound	394.250
Canadian dollar	230.930
Turkish lira	49.750
Swiss Franc	320.720
US Dollar Buying	299.000

DOLLARCO EXCHANGE CO. LTD

Rate for Transfer	Selling Rate
US Dollar	306.100
Canadian Dollar	230.026
Sterling Pound	394.015
Euro	339.770
Swiss Franc	297.740
Bahrain Dinar	814.035
UAE Dirhams	83.740
Qatari Riyals	84.985
Saudi Riyals	82.520
Jordanian Dinar	433.025
Egyptian Pound	19.679
Sri Lankan Rupees	1.682
Indian Rupees	4.240
Pakistani Rupees	1.982
Bangladesh Taka	3.591
Philippines Peso	6.033
Cyprus pound	18.205
Japanese Yen	3.830
Syrian Pound	1.595
Nepalese Rupees	2.665
Malaysian Ringgit	73.790
Chinese Yuan Renminbi	44.235

Thai Bhat	10.765
Turkish Lira	49.490
Singapore dollars	221.522

BAHRAIN EXCHANGE COMPANY WLL

CURRENCY	BUY	SELL
Europe		
British Pound	0.385900	0.399800
Czech Korune	0.005261	0.014561
Danish Krone	0.041204	0.046204
Euro	0.330762	0.344462
Georgian Lari	0.109002	0.109002
Hungarian	0.000907	0.001097
Norwegian Krone	0.028604	0.033804
Romanian Leu	0.053279	0.070129
Russian Ruble	0.004577	0.004577
Slovakia	0.009195	0.019195
Slovenia	0.027929	0.032929
Swedish Krona	0.311053	0.322053
Swiss Franc		
Australasia		
Australian Dollar	0.191349	0.203349
New Zealand Dollar	0.184345	0.193845
America		
Canadian Dollar	0.224155	0.233155
US Dollars	0.302350	0.306900
US Dollars Mint	0.302850	0.306900
Asia		
Bangladesh Taka	0.002895	0.003696

Chinese Yuan	0.042493	0.045993
Hong Kong Dollar	0.037281	0.040031
Indian Rupee	0.003635	0.004407
Indonesian Rupiah	0.000017	0.000023
Japanese Yen	0.002748	0.002928
Korean Won	0.000246	0.000261
Malaysian Ringgit	0.069675	0.075675
Nepalese Rupee	0.002613	0.002953
Pakistan Rupee	0.001339	0.002109
Philippine Peso	0.005869	0.006169
Singapore Dollar	0.214727	0.224727
Sri Lankan Rupee	0.001325	0.001905
Taiwan	0.010195	0.010375
Thai Baht	0.009369	0.009919
Vietnamese Dong	0.00013	0.000103

Arab		
Bahraini Dinar	0.806689	0.814797
Egyptian Pound	0.019384	0.022124
Iranian Riyal	0.000085	0.000086
Iraqi Dinar	0.000201	0.000261
Jordanian Dinar	0.427331	0.436331
Kuwaiti Dinar	1.000000	1.000000
Lebanese Pound	0.000102	0.000252
Moroccan Dirhams	0.021234	0.045234
Omani Riyal	0.790826	0.798774
Qatar Riyal	0.083515	0.084355
Saudi Riyal	0.080633	0.081933
Syrian Pound	0.001300	0.001520
Tunisian Dinar	0.103615	0.111615
Turkish Lira	0.042959	0.052804
UAE Dirhams	0.082799	0.083631
Yemeni Riyal	0.000996	0.001076

EUROPEAN & AMERICAN COUNTRIES