

International Business News

Bush acknowledges economy going through 'tough time'

President George W. Bush acknowledged Friday that the US economy was going through a tough period but avoided talk of recession, as he sought to reassure voters that better times lay ahead.

Speaking in New York, Bush insisted that despite a weak dollar and soaring oil prices, the US economy remained fundamentally sound and said the biggest challenge was for the US Congress not to overcompensate.

"In a free market there's going to be good times and bad times. That's how markets work. There'll be ups and downs," Bush told business leaders at the Economic Club of New York.

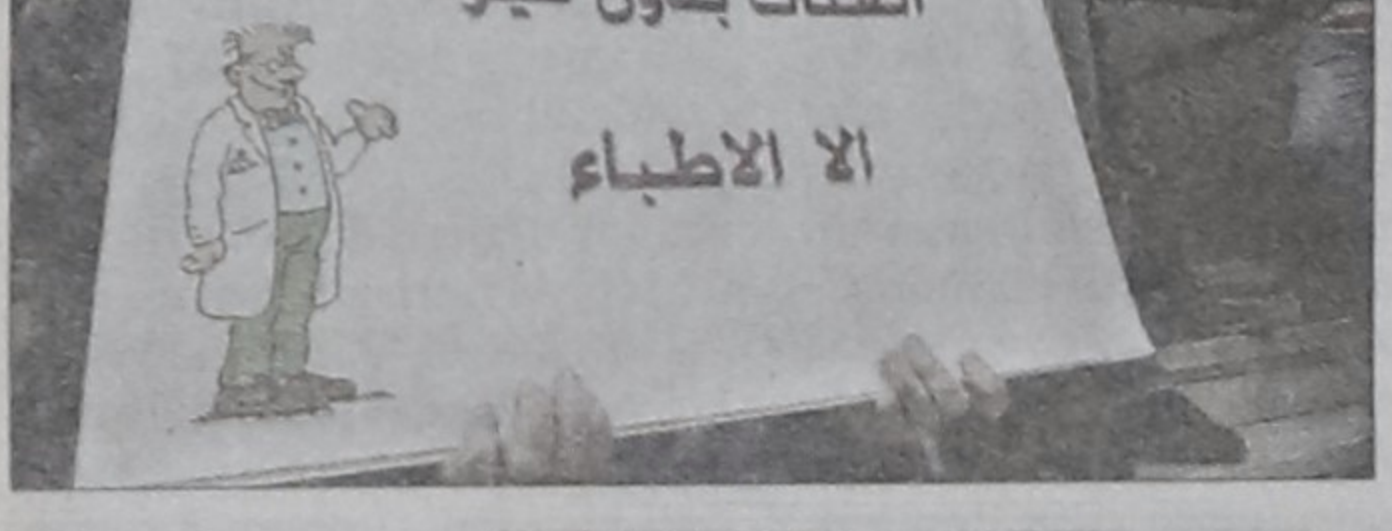
"Our economy is obviously going through a tough time. It's going through a tough time on the housing market and it's going through a tough time on the financial markets," he added.

"I want to remind you this is not the first time since I've been president that we've faced economic challenges," he added, citing the strains posed by the September 11 attacks of 2001 and wars in Iraq and Afghanistan.

"Every time this economy has bounced back better and stronger than before," he said. "In the long run I'm confident that our economy will continue to grow because the foundation is solid."

Bush has studiously avoided saying that the United States is entering a recession, despite many analysts considering that shrinking economic activity for the current quarter has put the economy into negative territory.

Washington's job, Bush insisted, was to foster enterprise and ingenuity to ensure the US economy was flexible enough to adjust to adversity and strong enough to attract capital investment.



Egyptian doctors protest outside their union headquarters in Cairo on March 15, 2008 to demand better pay amid national anger over skyrocketing food prices.

Egypt's doctors protest for better pay

Egyptian doctors staged a protest on Saturday outside their union headquarters in Cairo to demand better pay amid national anger over skyrocketing food prices.

"We will hold a protest for one hour to demand better salaries and better conditions for doctors," Hamdi al-Sayyed, head of the doctors' syndicate, said before the protest began, adding that similar demonstrations would be held across the country.

"The average salary for a graduating doctor now is 220 Egyptian pounds (40 dollars, 25 euros) per month which doesn't buy very much," told AFP.

The syndicate is demanding the average monthly wage be raised to at least 1,200 Egyptian pounds (219 dollars, 140 euros) and the government has pledged to review the situation.

Sayyed said there were disagreements within the union over how far doctors should go in their protest.

"Some within the syndicate want to call for a strike or want more confrontation with the government," he said. "Some of us prefer a more moderate approach."

"But some doctors have doubts that the government will fulfill the promises, based on previous experience," he said.

The doctors' protest is just one example of the wave of popular discontent over rising costs, with textile workers, teachers and accountants threatening strikes.

Thailand, Myanmar sign investment pact

Thailand and neighbouring Myanmar have signed an agreement to boost investment during a one-day official visit to the military-run country by the kingdom's premier, state media said Saturday.

Thai Prime Minister Samak Sundaravej also met with Myanmar's junta leader General Than Shwe on Friday in the country's new capital of Naypyidaw, the official New Light of Myanmar daily said without giving further details.

The paper gave no details of the trade pact. A Thai government spokesman could not be reached for comment on Saturday.

Thailand is one of Myanmar's biggest investors and trading partners, spending billions of dollars annually to tap into the country's natural gas and hydropower resources to power its own growing economy.

The kingdom is at odds with the West over ways to deal with Myanmar's military regime, which sparked global outrage following its deadly crackdown on peaceful protests in September 2007.

The United States and the European Union tightened sanctions against Myanmar's ruling generals after the suppression.

But Thai Foreign Minister Noppadon Pattama said Friday the kingdom opposed sanctions, arguing that negotiations rather than punishments could lead to positive developments in the country, which has been run by the military since 1962.

FBCCI POLLS DEBATE

What the candidates think

SARWAR A CHOWDHURY

With only a day away, candidates for the FBCCI directorship are now busy with the last leg of electioneering to drum up voters' support.

As many as 49 will contest the polls beginning tomorrow.

After a day's break, the 24 elected directors and the earlier 14 nominated direc-

tors will elect president, first vice president and vice president to the Federation of Bangladesh Chambers of Commerce and Industry for a two-year term.

This year two declared their candidature for the top post of the FBCCI. One is Annisul Huq, nominated director from the Bangladesh Garment Manufacturers and Exporters

Association (BGMEA), and the other is MA Rouf Chowdhury, a candidate for the post of director from Association Group. The Daily Star recently interviewed both the presidential candidates through e-mail.

The questions that were sent to them are:

1. Why are you taking part in the presidential election of the FBCCI?

2. There is an allegation that the FBCCI has failed to perform expectedly. Do you think FBCCI is playing its due role? If not, then why?

3. What should be the FBCCI's role in the country's business and economic activities?

4. In the backdrop of the present economic scenario, how do you want to work

through the FBCCI?

5. What will be your strategy if you are elected the FBCCI president? What you plan to do in the first 100 days?

6. The presidential candidates allegedly expense huge money every time in a motif to influence voters. What is your experience?



Effective apex body should stand for courage, vision

1. The Bangladesh economy needs to be steered by an efficient public-private partnership initiative at all levels. Since I have had the experience and opportunity of leading BGMEA twice in the past, I believe my leadership will do justice to the business community and I along with my team will be able to spearhead necessary economic reforms.

2. FBCCI was supposed to be a guardian of all groups and associations. I feel that FBCCI could have done a lot better with the short, medium and long term economic planning. The small and medium enterprises could have been better looked after. The aspiring sectors could have done a lot better with positive projections at home and abroad; because a far better representation of Bangladesh economy at the local and international forums was expected. In brief, a lot could have been achieved through the platform of FBCCI if only the focus was on development through dialogue, direction and policy negotiation.

Amongst many instances, we can easily refer to the case of the overnight demolition of Rangs Bhavan, the overnight closure of the polythene industry in Old Dhaka. A rational dialogue with the government could have won time and preparation for all parties concerned, which would mean minimum damage and maximum redemption.

3. An effective FBCCI should stand for courage and

vision. It should act as a catalyst steering the economy towards a robust Bangladesh. It should commend respect from all the stakeholders including the government. This body should lead fairs at home and abroad, at regional and international level; it should also assume the role of a saviour by providing maximum protection to the business communities.

It should recommend budgetary goals and initiate a 'trade development fund.' FBCCI should also actively negotiate with the financial institutions for policy decisions and initiate proposals for the government and the private sector that will prioritise SME, agriculture, market expansion, NRBS' investment potential, technology and development of human resources.

4. The present scenario demands a fearless and favourable climate for investment. The initial fear the business community had suffered is yet to be mitigated. As much as the government is rightfully looking for whistle blowers amongst the business people to lead the torch, the business community is also looking for assurance.

Working through a task force consisting of civil society members, economists and businessmen to identify the problems and solutions will be an approach I would suggest. I would also lay emphasis on highlighting our



Annisul Huq

strengths abroad. Having an exporter's background, I am confident that diversification, market expansion and product promotion could be done best by us. The Bangladesh business community is a treasure trove reflecting resilience and will. We only need to reflect that spirit to the world. And, FBCCI is the best platform that can act as a catalyst for that positive change.

5. The challenge during the first 100 days is to consolidate all my plans on reform and progress in order to provide a tangible target chart to the government.

During that time, I would also have to focus on changes in the internal election structure the FBCCI requires. A direct voting for the posts of President, Vice President would be initiated by us with the help of the mandate through an AGM.

6. My personal experience does not endorse that allegation. Votes bought with money serve a short time target. Mandates 'can't be bought with money.

It needs to take additional role of crisis manager



MA Rouf Chowdhury

1. We, the business community, create wealth for nation. We contribute 85 percent of the national revenue, 90 percent of employment and 95 percent of the exports. Yet voice in governance our role in shaping and implementing policies is insignificant. Our revenue contribution in the last budget was Tk42,000 crore. The sum total of donor contributions was less than Tk7,000 crore, i.e., only a sixth of what we provided. In spite of it all, our governments have listened to and adopted more of these foreign prescriptions in shaping our economic destiny to the detriment of our national interest. This is an unbalanced situation.

FBCCI is the apex trade organisation of our business community, and it is thus up to it to represent all our interests. The centre of power in FBCCI is its presidency. I, as one of 38 directors in FBCCI for 6 years, have no doubt gained very rich and valuable experience, but never had any control over shaping the destiny of FBCCI. Only the president can do it. I know what

needs to be done; I know how it can be done. Most of all I want to do it, i.e., re-shape FBCCI, renegotiate with the government to restore the balance of our participation in governance.

I am therefore contesting for the FBCCI presidency.

2. I am a believer in the concept of 'continuous improvement'. FBCCI certainly could have done better both in terms of serving its member bodies as well as the interests of the business community at large. I believe FBCCI's presidents may not have fully appreciated its true potential, its ability to influence governance and shaping policy in favour of its constituents. Holding the key to 85 percent of the national revenue gives us a lot of leverage. I mean to use that if I become president.

The main causes of FBCCI's failure to deliver in the past lie in its lack of vision at the top; getting new president with little or no knowledge of inter-sectoral business problems; undesirable political interference; and most of all inability to develop institutional fundingsources.

3. FBCCI, to me, represents the quintessential facilitator. To the business community at large its role is to ensure that their problems presented to the government and negotiated settlements found. To the government FBCCI should be a partner who will assist them in making policy choices and

most of all in implementing them, covering the entire economic spectrum.

4. Bangladesh is going through a phase of undeclared economic emergency. Business confidence is low, investment is stagnating, commodity prices are staggering, unemployment is increasing and most of all expectations for the future are discouraging. In a situation like this FBCCI will have to take the additional role of 'crisis manager'.

5. I have served 6 years as director of FBCCI and I am familiar with the strengths and weaknesses of this apex body. As president I will be able to get straight to work without wasting time on identifying these. I know I can convince the government that a partnership with us will be 'win-win' for both of us. I have ready sets of solutions for a whole host of problems.

The roadmap for 2 years of my presidency includes holding a series of open dialogues with all stakeholders and the government in the presence of the media on Prices of Essentials, Formation of a Price Commission, Business Confidence, Investment and Interest rates and (2) restructuring and empowering the FBCCI Secretariat.

6. I am not interested in huge expenses. I am much more interested in huge voter contact and feel very satisfied that I have succeeded in doing so.

sarwar@thedailystar.net

COLUMN

HABIBULLAH N KARIM

Lessons from Salt Lake City, Kolkata

Communist China is today the second biggest economy in an open market global regime. It is a message has not been lost on our nearest communist provincial government, West Bengal.

In the last 20 years Kolkata, once the mightiest metropolis of the then British India, has seen its fortunes dwindle under communist rule as a stream of corporations left the city as they were stifled by the administration's anti-business sentiments. After years of stagnation that almost halved the city's white collar jobs, the communist regime has of late softened its stance on business and Kolkata's star has been incrementally rising on a wave of IT business investments in the last five years.

It's a welcome relief especially since the trajectory of such IT investments has eluded the eastern seaboard of India for quite some time. As one enters the brand-new highway linking Kolkata Airport with the city via Rajar Haat special economic zone, huge, under construction buildings and side roads come into view.

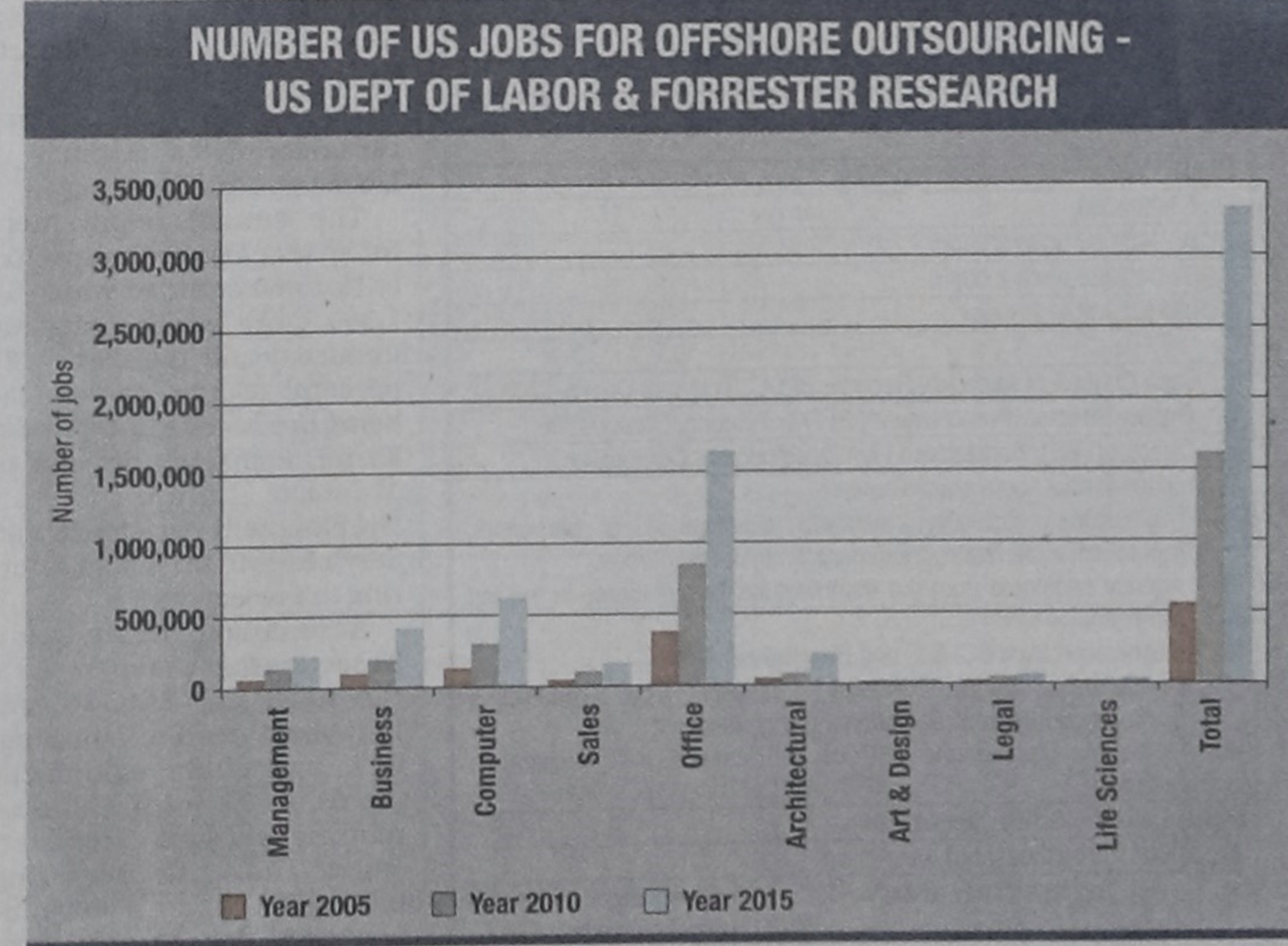
On a recent visit to India I had the opportunity to see how IT led businesses changed the landscape (and the

skyscape) in the sprawling suburb of Kolkata named Salt Lake City. Nothing could have been further from the pristine surroundings of its mountainous namesake in Utah, USA during the old days when this Kolkata suburb reeked with the untreated wastes of tanneries.

But come 2008 and Salt Lake City is growing fast as a hotbed of software development and business process outsourcing (BPO) services and is vying for honours as one of the top four IT destinations in India. TCS, Infosys, Wipro, GE and many other top global brands in software and/or BPO services have set up megalithic establishments employing thousands of knowledge workers there.

According to Wikipedia the internet-age encyclopedia, business process outsourcing (BPO) is the leveraging of technology or specialist process vendors to provide and manage an organization's critical and/or non-critical enterprise processes and applications. The most common examples of BPO are call centres, human resources, accounting/payroll and pre-press graphics work outsourcing. Business process outsourcing may involve the use of off-shore resources.

The worldwide BPO market



has been exploding in recent years it has doubled in size to nearly USD200 billion since the turn of the century according to IDC, a global data research organisation. India already has nearly half of the offshore component of this rapidly growing market. BPO can be very good business for us as well.

To thrive, BPO industry

requires aggressive entrepreneurs, trainable workers with basic education and basic telecom/internet service all three of these supply side ingredients are to be found aplenty in Bangladesh.

Each year more than a million boys and girls finish 12 years of schooling here (i.e., appear in HSC and O'Level exams), less than half of whom

enroll in tertiary (i.e., university level) education at home and abroad. This means that there are more than half a million such young men and women entering the job market each year who can very well be the drivers of a BPO industry here.

According to economic analysts more than three million people enter the job mar-

ket each year who vie for less than a million jobs that become available each year. At least 20 percent of these job market entrants can potentially be absorbed in export of BPO services. The economic output of BPO services is also quite handsome compared to other labour-intensive industries. The per capita economic output in the ready-made garments industry our most successful export sector is approx. USD800.00 per annum (taking into account the gross export receipts minus imports of raw materials) while in BPO this figure is approx. USD2,500.00 i.e., more than triple.

However, to make this happen, we need to put call centres and other BPO business licensing procedures in place and provide a signal to entrepreneurs that the government is seriously bullish on this as bullish as the West Bengal government was in providing the necessary infrastructural and policy supports to make way for a thriving BPO industry there. With three million job seekers entering the market each year can we afford to do otherwise?

Let's go BPO right now!

Habibullah N Karim, a Software entrepreneur.