

Budget ignores antipoverty efforts

Speakers say

STAR BUSINESS REPORT

The budget proposed for fiscal 2009-2010 has ignored long-term development strategies, poverty cuts and local-level employment creation, speakers said yesterday.

The representatives of Equity and Justice Working Group Bangladesh (Equity BD), an alliance of rights NGOs in Bangladesh, made the observation while addressing a post-budget press conference at the National Press Club.

They criticised a proposal to widen scope of the private sector in

public services such as health, education and communication. Although the proposed budget has been termed pro-poor, it is a charity approach, they said.

In a keynote paper, Syed Aminul Haque, member of Equity BD, pointed out that the government must not leave its crucial developmental measures such as rural employment to the private sector.

"Private intervention is always commercial. Such approach will create inequality and imbalance in society. The proposed budget also ignores demand of education and health sectors, which will halt

development of human resources," he added.

Each year, around two million new people are joining the workforce and this workforce without a concrete plan for employment creation will just increase social instability, Haque said.

Md Sumsuddoha, secretary general of Equity BD, said the Tk 79,000 crore revenue target is not realistic. The revenue income may run a 12-15 percent deficit, which will make the government bound to take more loans from the banking system.

"The country's ADP is com-

pletely debt-dependent. The increasing dependency on development partners will allow donors to intervene in our development planning and policies with further conditions," he said.

The governments' allocation for debt servicing was 17 percent of revenue expenditure in fiscal 2008-09. For fiscal 2009-2010, debt servicing has been projected at 20 percent. "This sort of ambitious budget will increase the country's indebtedness," he said.

The conference was moderated by Mostofa Kamal Akhand, member of Equity BD.



Fazlul Hoque, president of the Bangladesh Knitwear Manufacturers and Exporters Association, speaks at a press conference in Dhaka yesterday. (Story on B1)

A phone that's just right for the elderly



ANN/THE STRAITS TIMES

A simple-to-use cellphone, targeted at the elderly and children, looks set to be the potential star of the PC Show.

The phone's maker, Foresight Technologies, a Singapore company, made its debut at the electronics fair, which started Thursday.

Unlike most current mobile phones that have tiny, dinky buttons, the iNo Mobile has buttons at least three times bigger, so the elderly can press them easily, as well as a torch.

There is a special SOS button on the back of the handset so that if an elderly person gets into trouble, pressing the single button will send emergency calls and text messages to four pre-programmed numbers.

And when the button is released, the phone will also sound a siren to attract attention.

The company's director, Kenneth Lau, wants to 'aggressively increase awareness' of the \$578 phone at this year's show.

Organisers expect more than one million people to stream through the doors over its four days.

The PC Show is the sec-

ond major electronics fair here, following one in March. Two others are also usually held in September and December respectively.

More than 600 exhibitors, including familiar international names such as Epson, Apple and Lenovo, have taken booths at the Suntec City event, which has promotions on anything from pocket-sized projectors to home theatre systems and global positioning devices.

About 1.1 million people visited the same show last year, spending more than \$51.7 million in total.

In comparison, the IT Show in March netted about \$58.5 million, despite fewer people - 768,000 - stopping by.

Shane Da Silva, vice-president of consumer sales at telco SingTel, which has the largest booth this time round, said the company had 'very good' sales at the tech show in March, proving that consumers were still spending on technology despite the general worldwide tightening of belts.

"Based on what we learned in March, customers are still looking for value, so we decided to have a good-sized booth to cater to customers," he said.

Wall Street mixed after rudderless session

AFP, New York

Wall Street stocks closed mixed Friday in rudderless trade as a decline in oil prices weighed on heavyweight oil majors and investors shrugged off disappointing consumer sentiment data.

After zigzagging into and out of positive territory, the Dow Jones Industrial Average rose 28.34 points (0.32 percent) to end at 8,799.41. The blue chip Dow has now joined the other major indices in wiping out losses since the start of the year.

The tech-studded Nasdaq fell 3.57 points (0.19 percent) to 1,858.80, while the broad-market Standard & Poor's 500 index edged up 1.32 points (0.14 percent) to close at 946.19.

"We are witnessing the epitome of a range-bound market," said

Patrick O'Hare of Briefing.com.

Trading volume and news flow were sparse ahead of the weekend.

"It was a very quiet day," said Mace Blinksilver of Marblehead Asset Management.

"It looks like a summer in the 1970s. No one is really around, no one cares. The market is not cheap so that people think they have to buy it, but people are too scared to sell anything because if that happens you don't get a chance to get it back," he added.

Investors shrugged off the University of Michigan's consumer sentiment index showing a gain in June for the fourth month running that was slightly below market expectations.

"The report suggests that the recent improvements in economic data are helping sentiment but some concerns about inflation and

the impact of higher interest rates on the recovery in the economy may be beginning to creep into the equation," Charles Schwab & Co. analysts said in a client note.

Official data on import prices showed an annualized 1.3 percent increase in May, led by a spike in oil prices, but inflation concerns appeared tame as the economy grapples with the strongest recession in decades.

"Inflation pressures from oil are already here but for the rest of the economy, price increases should remain muted for quite some time," said Joel Naroff of Naroff Economic Advisors.

The energy sector, which had provided some support to the equities market this week, was under pressure as oil prices fell back from Thursday's peak above 73 dollars a barrel in profit taking.

On the blue-chip Dow index, ExxonMobil fell 0.36 percent to 73.78 dollars while Chevron climbed 1.07 percent to 72.67 dollars.

"The market remains preoccupied with oil prices and bond yields," said Scott Marcouiller of Wells Fargo Advisors.

Bond market tensions continued to ease following strong demand for a Treasury auction on Thursday that had helped soothe concerns about ballooning US debt and higher interest rates that could hamper economic recovery.

The yield on the 10-year bond fell to 3.788 percent from 3.862 percent Thursday and that on the 30-year bond declined to 4.633 percent from 4.692 percent. Bond yields and prices move in opposite directions.

"A drop in yields for 10-year

Treasury notes gave stocks some support. The yield on the 10-year note fell below 3.8 percent, easing concerns about interest rates," Marcouiller said.

In the tech space, Google fell 0.97 percent to 424.84 dollars and IBM shed 1.09 percent to 108.21 dollars.

Microsoft jumped 2.19 percent to 23.33 dollars after the software giant said Thursday it would not bundle Internet Explorer Web browsers with its Windows 7 operating system sold in Europe, to address European Union competition concerns.

In the financial sector, investment fund BlackRock tumbled 3.31 percent to 176.56 dollars after announcing late Thursday it would buy British bank Barclays' investment arm BGI for 1.35 billion dollars.

Crisis must not be allowed to happen again: ECB chief

AFP, Sofia

European Central Bank President Jean-Claude Trichet urged governments and financial market players Friday to do everything to ensure that the global financial crisis does not happen again.

"Our duty is to considerably reinforce the resilience of the global financial system and the soundness of the real global economy," Trichet said in a public lecture in the Bulgarian capital.

"We should not allow that, a few years from now, a new crisis would emerge that would be similar to the current one. That would be unforgivable," he added.

Trichet said that the global economic environment remained difficult and unpredictable, urging bank and government



Jean-Claude Trichet

authorities "to remain alert."

"There is no place for complacency ... As concerns direct government support to the financial sector, today's priority is 'rapidity of execution'. Decisions that have already been taken should be implemented swiftly."

This was particularly true of government-promised aid to banks, the ECB chief said.

"Currently, only about 55 percent of funds earmarked for recapitalisation have been used in the euro area," he said.

Trichet declined to comment on eurozone interest rates, which the ECB has lowered to a record low of 1.0 percent.

But he defended the ECB's interest rate policy, insisting it had succeeded in curbing the markets' inflation expectations. "Long-term inflation expectations in the euro area ... have been and continue to be firmly anchored at levels consistent with our definition of price stability," he said.

"Inflation expectations have been exceptionally resistant to sudden upward short-term price changes, and we have ensured that is also the case with sharply falling inflation," Trichet said.



SA Mallick, managing director of New Zealand Dairy Products (NZDP) Bangladesh Ltd, receives the Certificate of ISO 22000: 2005, issued by URS, UK from Dr Justin Lee, Australian high commissioner, in Narayanganj recently. NZDP was awarded in recognition of the Quality Management and Food Safety Management System, which complies with International Food Safety Management System Standard.

Outsourcing, a new lifeline in southern Philippines

AFP, Marawi, Philippines

When American consumers dial a toll-free hotline for customer service support, they may not be aware they are helping bring an end to a long-running insurgency half way across the world.

Some of the calls are routed to a call centre in the Philippines' southern Muslim heartland, the Southeast Asian theatre of the US-led war on terror where part of a new strategy is to smother the insurgency with job empowerment.

The US Agency for International Development through its Growth with Equity in Mindanao (GEM) programme has teamed up with a business process outsourcing firm, known as a BPO, in a novel venture to train and employ youths in this Muslim stronghold.

The rationale is to teach them English and hire them for backroom jobs outsourced by American firms seeking to cut operational costs at home.

Those behind the scheme hope that with more money and improved living standards, many will be weaned away from violence and contribute to developing a region racked by 40 years of insurgency.

"We are hoping to give them stable, long-term employment," said Rene Subido, a GEM official who helped devise the plan.

"By giving them a stake in the development here, they will have more to lose if the war continues."

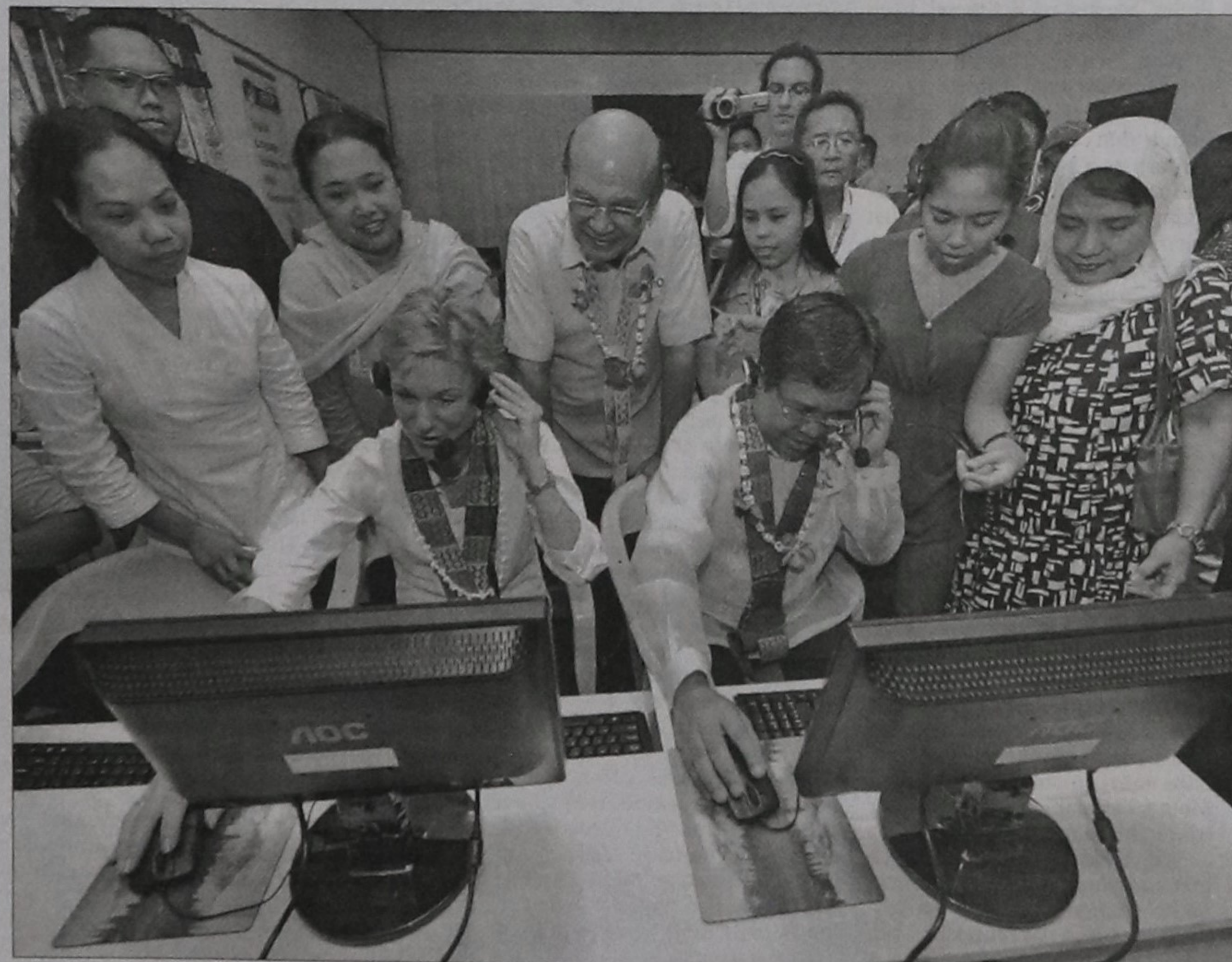
Subido said the Nevada-based BPO firm, the Hubport Group, had initially been apprehensive about setting up in the Muslim Mindanao but was won over by the talent and eagerness of the region's youth.

They set up a 24-hour back-room operation at Mindanao State University-Iligan Institute of Technology (MSU-IIT) where 42 employees churn out web designs, software programmes and medical transcriptions for American clients.

Others specialise in technical support, guiding clients thousands of miles away as they trouble-shoot web pages.

No one had ever thought of setting up in the southern Philippines because of the violence, said Hubport chief operating officer Eric Manalastas during a recent tour of the facility by visiting diplomats.

He said the firm -- which also has offices in Singapore, Canada, Britain, Japan and Saudi Arabia -- believes the south



US Ambassador Kristie Kenney (L) and Makapado Muslim, president of the Mindanao State University in the Islamic city of Marawi, southern Philippines, try out a computer workstation at an English language proficiency laboratory on May 27. The project, called Job Enabling English Proficiency (JEEP), aims to train Muslim Filipino students for jobs requiring proficiency in American English, such as in the business process outsourcing industry.

has enough manpower "who if given the room to grow, can be harnessed into a highly efficient and competitive force that can match global standards".

A large part of the manpower will come from MSU's main campus in Marawi, an impoverished city on the shore of the picturesque Lanao lake where Arabic is widely taught and spoken.

It also is the heart of Islam in Mindanao, the Philippines' main southern island where Muslim separatists have been waging a decades-long rebellion to carve out an independent state.

Militants with links to Al-Qaeda and the Jemaah Islamiyah (JI) are also known to operate in the area, which intelligence experts consider fertile ground for recruitment. A small room inside a brick building has been transformed into a speech and computer laboratory, where local tutors teach English.

For computer programmer Muhammad Husshan, 20, working for Hubport means he will be able to send money to his parents and seven siblings living elsewhere in the south.

"I hope more young people will be given jobs and will be trained in companies like this," he said.

Like many here, Husshan believes that Muslims have been unjustly sidelined by the Manila government, but he added: "I think people would not pick up guns if they are busy with jobs."

Small numbers of US troops have been rotating in the southern Philippines since 2003, when President Gloria Arroyo sought help to crush Abu Sayyaf militants blamed for high profile kidnappings and bombings.

Remnants of Abu Sayyaf still roam the south, while tens and thousands remain displaced by 10 months of fighting between troops and the main insurgent group, the Moro Islamic Liberation Front (MILF).

The US government meanwhile has given millions in development aid, with promises of more funds if insurgents signed a peace accord.

"I think that shift in policy is helping more in the anti-terror war than the fighting," says Virgilio Leyretana, chairman of the Mindanao Economic Development Council.

"Of course, nothing can be solved overnight. And for as long as Mindanao is pictured as a troublesome place, businesses will shy away."