

International Business News

Barroso proposes European bond to finance big projects

European Commission President Jose Manuel Barroso called on Europe on Tuesday to boost growth, deepen the single market and create a continent-wide bond to finance major infrastructure projects.

"This is Europe's moment of truth," Barroso said in his first ever State of the Union speech before the European parliament in Strasbourg.

"Europe must show it is more than 27 different national solutions. We either swim together, or sink separately. We will only succeed if, whether acting nationally, regionally or locally we think European," he said.

Barroso said the 27-nation bloc's economic outlook was better today than one year ago thanks to the "determined action" of members states, but he warned that not all EU states were taking part in the recovery.

"The recovery is gathering pace, albeit unevenly within the Union. Growth this year will be higher than initially forecast," he said.

"The unemployment rate, whilst still much too high, has stopped increasing. Clearly, uncertainties and risks remain, not least outside the European Union," he said.

He called for an EU budget that "leverages growth" by spending money "more intelligently" amid heated negotiations with member states seeking to cut expenditures in Brussels.

"Energy interconnections, research, and development aid are obvious examples where a Euro spent at European level gets you more than a Euro spent at national level," he said.



A homeless family eat their lunch at Quezon City, a suburban of Manila, yesterday. About half of Filipinos consider themselves poor despite robust economic growth, a survey showed on Monday. The independent study by the Social Weather Stations showed that at least 9.4 million families, about 50 percent, identified themselves as poor, up from 43 percent in March.

COLUMN

SEZ: An effective tool

HABIBULLAH N KARIM

Without any brouhaha, the parliament passed into law the Special Economic Zones (SEZ) Act on August 1 that nobody really took notice of.

But soon, the SEZ would be 'the buzz word' of policy and strategy dialogues in everything from the business environment, customs regulations, government rules for business, investment promotion and land zoning to the primacy of private entrepreneurship over public enterprise. The sooner we get started the better for us.

The SEZ Act is an omnibus legislation that gives legal cover and guidance to all types of industrial zones that require special dispensations from the government.

The idea of such a legal mandate, though new to our country, has been around for decades in other countries. However, we are not total aliens when it comes to industrial zones with special privileges -- the export processing zones (EPZ), BSCIC industrial estates, Korean EPZ and the ICT Incubator are some existing examples, which are incidentally all state-owned aside from KEPZ.

For ICT and other high tech industries, the government is setting up the Hi-Tech Park in Kaliakoir, armed with the new-fangled Hi-Tech Park Authority Act passed in 2009, a law that will eventually govern the business of all technology parks. When it comes to the other special industrial zones, we have separate laws to govern them, such as the Bangladesh EPZ Authority Act (passed in 1980), BSCIC Act (passed in 1957) and Private EPZ Act (passed in 1996).

One can easily see how this multitude of laws and regulations concerning broadly the same theme can lead to legal and administrative wrangling, not to mention heightened confusion, among all stakeholders. The SEZ Act brings all these zones under a common legal framework which, when enforced, will make the job of setting up and operating special industrial zones under both public and private initiative a snip -- well, that's the idea.

To make that happen, rules and regulations under the SEZ Act will have to be formulated and then applied to a designated zone as a model SEZ. Gradually, all other SEZs have to be brought under the jurisdiction of the SEZ Act. That's a mammoth undertaking to say the least but an under-



The Chittagong Export Processing Zone is pictured. The Special Economic Zones Act brings all these zones under a common legal framework.

taking that can reap rich dividends for the nation.

The Philippines passed a similar law in 1995 when they had only 12 such special industrial parks with only 91,000 jobs between them -- all state-owned and -operated. Today, they have more than 200, out of which 190 are privately owned and operated. This accelerated growth in the number of SEZs created more than 3 million direct jobs and 4 times as many indirect jobs, and brought in investment of more than \$30 billion. What is significant is that more than 90 percent of the SEZs are owned and operated by private enterprise. Cameroon, China, India, Kazakhstan, Malaysia, Pakistan, Poland, South Korea and Ukraine are among other nations that have adopted the SEZ law and achieved similar spectacular results.

With 3-4 million fresh entrants in the job market a year, creating sustainable jobs is certainly the most daunting task facing the nation today. And those jobs will not be forthcoming unless large investments in industrial undertakings happen quickly.

SEZ could be the most effective vehicle in our hands today to materialise the vision of accelerated economic growth. With India enveloping us like a giant glove, growing near double-digits, accelerating our growth rate is no longer nice-to-have but a must-have.

However attractive, making SEZs work will require a sympathetic consideration from all government agencies currently handling zones that will come under the SEZ Act. It will also require energetic intervention of business chambers and industry associations as well as the moral support of

the civil society and economic think tanks. Most contentious will be the private enterprise provisions in the SEZ Act as can be vouched by KEPZ, the lone private EPZ in the country. Even after 14 years of frantic appeals, KEPZ does not enjoy the same privileges as enjoyed by the state-owned EPZs. However, as can be seen from the experience of other developing nations, massive private sector participation is the real key to the magic of SEZs.

In that spirit, the stakeholders will hopefully work expeditiously to frame the SEZ rules and regulations and pave the way for 300 SEZs, 3 million jobs and investment worth \$30 billion in the next ten years.

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As Democrats fear rout, Obama launches new jobs push

AFP, Milwaukee, Wisconsin

US President Barack Obama has pledged 50 billion dollars to create jobs in a massive transportation infrastructure campaign, targeting huge unemployment and ripping resurgent Republicans.

Obama, under intense pressure to stimulate the sputtering economy ahead of November's mid-term congressional elections, announced the new funding spree to rebuild roads, railways and airports at a Labour Day rally Monday with union workers in the state of Wisconsin, where the crisis has hit hard.

"This will not only create jobs immediately, but will make our economy run better over the long haul," Obama said on a public holiday two months before congressional polls which Democrats fear could bring heavy losses.

"It's a plan that says even in the aftermath of the worst recession in our lifetimes, America can still shape our own destiny."

The White House called on Republicans to support swift passage of the measure, which would "front-load" 50 billion dollars of money as the first part of a broader effort to reauthorize transportation funding over six years.

It appeared highly uncertain whether legislation of such size and cost could pass in the month or so before lawmakers leave Washington to campaign for the November 2 election, as polls predict big Republican gains.

And as Obama laid out details of what critics decry as yet another bloated stimulus package, there was growing evidence Tuesday that an increasing number of Americans may want Republicans in Congress to take the reins when it comes to handling the economy.

A new poll Tuesday show Americans feel Republicans may be able to handle the economy better than Democrats.

The CNN/Opinion Research Corporation survey showed 46 percent of respondents saying Republicans were better poised to handle the number one US domestic issue, compared to 43 percent who said Democrats were -- a far cry from a year ago when Democrats held a 52-39 percent advantage.



US President Barack Obama greets people after giving a speech at a Labour Day rally at Milwaukee in Wisconsin on Monday.

And Republicans were given a six-point advantage over Democrats on tackling the soaring budget deficit, which the White House has consistently said is a result of the previous Republican administration of George W Bush.

The poll conducted earlier this month has a three-percent margin of error. The overall plan targets improvements to the US air traffic control system, an acceleration of high-speed rail projects, and establishes an "Infrastructure Bank" to coordinate federal funding and planning for projects.

It calls for the rebuilding or restoring of 150,000 miles (240,000 kilometres) of roads; adding 4,000 miles (6,400 kilometres) of rail and renewing 150 miles (240 kilometres) of runway.

Opposition Republicans, seeking to wrest control of both chambers of Congress from Democrats, immediately condemned Obama's plan, signaling no let up to obstruction tactics which have slowed his presidency.

"A last-minute, cobbled-together stimulus bill with more than 50 billion dollars in new tax hikes will not reverse the complete lack of confidence Americans have in Washington Democrats' ability to help this economy," said Senate Minority Leader Mitch McConnell.

John Boehner, the top Republican in the House of Representatives, sought to link the new plan to Obama's previous stimulus package worth around 800 billion dollars, which critics say has failed to revive the economy.

"If we've learned anything from the past 18 months, it's that we can't spend our way to prosperity," said Boehner.

Obama, however, sought to convince voters that if they captured Congress, Republicans would return to the age of a reckless Wall Street, tax cuts for the rich and lax regulation that provoked the crisis.

Even if a transportation infrastructure bill is passed -- a big assumption in the current febrile election season when conservative Democrats have also turned against extra spending -- it was unclear how quickly funds could begin putting people to work.

Obama's new job push comes after a Labour Department report released Friday showed the unemployment rate edging up to 9.6 percent.

Administration officials earlier said the program would create new construction jobs in 2011, though the president said its impact would be felt "immediately."

"We used to have the best infrastructure in the world," Obama said. "We can have it again. We are going to make it happen."



No. 1

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