AFP

Garment workers, activists, and relatives march in the street with a mock coffin in front of the Bangladesh Garment Manufacturers and Exporters Association office in Dhaka yesterday. Hundreds staged demonstrations demanding compensation for accident survivors and a full account of the missing labourers of the nation's worst industrial disaster in Savar on April 24.

Will China's slowing growth lead to unrest?

IAN BREMMER, *for Reuters*

RECENTLY, it seems no developing country is safe from sudden, unexpected protests. In Brazil and Turkey, empowered middle classes pushed back against perceived governmental injustice. Protests erupted, and leaders' approval ratings dropped precipitously. In Egypt, the economic picture was as ugly as the political one, and the military's ouster of President Mursi has fomented conflict and instability.

China may look like a candidate for the type of protests currently sweeping the developing world. Not only is a newly empowered middle class demanding better services and more accountability from government but economic growth has also tapered off in recent quarters. Don't hold your breath. At least for the time being, China is well-positioned to navigate such challenges far better than its emerging market competitors.

Let's start with the economy. For years pundits, and many Chinese government officials, thought that if China's GDP growth rate ever fell below 8.0 percent, it would set off an unemployment crisis that would raise the risk of social and political instability in the country. Well, China's finance minister was in Washington last week and said that the Chinese economy could handle 7.0 percent or even 6.5 percent growth, a lower rate than China has experienced in 23 years.

But unlike many other emerging markets, China views slower growth as a manageable challenge. The government actually recognizes that a slowdown is necessary to meet its reform and rebalancing goals, and is working now to score political points among the population by arguing that it's doing so.

In particular, Beijing hopes that the slowdown will force industrial consolidation and less resource consumption. This could slow environmental degradation which has been a major point of political vulnerability for the government. Slower growth should also calm the real estate sector, where rising prices have been a major sore point for urban Chinese.

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Call for quick compensation for Rana Plaza victims

STAR BUSINESS REPORT

The leaders of Garment Sramik Sangram Parishad, a platform of garment workers, yesterday demanded quick payment of compensation to the victims of Rana Plaza collapse in Savar on April 24 that killed 1,132 workers.

They also stressed the need for abolition of the amended labour law, which, they said, will fail to protect the interest of the workers.

"The amended labour law will only protect the interests of the owners," said Rafiqul Islam Pathik, a coordinator of the platform, at a rally in front of the office of Bangladesh Garment Manufacturers and Exporters Association.

Pathik also said many victims of the accident did not receive any compensation while some received Tk 1 lakh to Tk 3 lakh from the Prime Minister's Office.

The wage board should fix Tk 8,000 as the monthly basic salary for garment workers at the entry level and Tk 12,000 as gross, he said.

Many victims of collapse are still in uncertainty as their names were not enrolled in the list, which Savar upazila authorities is preparing for paying compensation, Pathik said, adding that the DNA tests of unidentified victims should also be completed soon.

Pathik said they did not submit any memorandum to the BGMEA to press home their demands.

New Mooring Container Terminal yet to take off

Cost keeps mounting six years after construction

ANURUP KANTI DAS

Official dithering has delayed the operations of New Mooring Container Terminal for long.

UDAY SANKAR DAS, *from Chittagong*

THE inauguration of New Mooring Container Terminal (NCT), touted to have a capacity greater than that of Mongla and Chittagong port combined, has been delayed further due to authorities' indecisiveness though its construction completed in 2007.

The original plan was that the one-kilometre terminal would be handed over to an international operator for maximisation of efficiency. A tender too was called in August 2008, but the process got wrangled in legal disputes.

Finally in May this year, the tenders were rejected and it was decided that the Chittagong Port Authority would operate it under its own management, meaning it would be at least another two years before the terminal is open for use.

"We are trying to complete the formalities as soon as possible to get the terminal up and running," Nizamuddin Ahmed, chairman of the CPA, said.

The move is likely to shoot the government's expenditures on the terminal through the roof, as it would now have to bear the miscellaneous costs needed to run the terminal.

The CPA has already spent about Tk 600 crore in the construction of the terminal, and it is estimated that it would end up in the region of Tk 2,200 crore after purchase of machinery and finishing touches of the terminal.

The news, however, has been welcomed by certain sections, particularly the garment, the biggest user of port facilities.

"The CPA has demonstrated its increased efficiency in many respects in the last few years and if they can operate the terminal themselves, I would welcome it," S M Abu Tayyab, a former first vice-president of Bangladesh Garment Manufacturers and Exporters Association, said.

He suggested the CPA start operation of the NCT under its own management on a test basis now.

"If they manage to provide good service at a reasonable cost during the pilot, they can continue with the operation. Otherwise, private operators should be called in."

Detroit residents accept bankruptcy as inevitable

AFP, *Detroit, Michigan*

AT a century-old Detroit fire station surrounded by boarded up storefronts and weed-choked lots, the Motor City's bankruptcy filing wasn't exactly a surprise.

While his union sought a court injunction Friday to stop the proceedings and protect their retirement benefits, firefighter Frank Dombrowski resigned himself to the inevitable.

"Basically we're screwed," Dombrowski, 48, said as he stood watch over an isolated corner of the city where thousands of abandoned buildings regularly go up in flames.

The sweltering Engine 29 fire station encapsulates the city's troubled history of boom and bust.

Built in 1907 when Detroit was a hotbed of industrial innovation about to put the world on wheels, it now houses a rickety fire truck that has more than 100,000 miles (160,000 kilometers) on its odometer.

"There is no central air and the basement floods," said Dombrowski, who had shut the doors against the oppressive 96 degree Fahrenheit (36 degree Celsius) heat.

Like many life-long Detroiters, Dombrowski blames the city's woes on decades of mismanagement, bad decisions and worse luck.

"I'll tell you what killed the city -- bussing back in the 1970s," Dombrowski, who grew up on Detroit's east side, told AFP.

Detroit was already experiencing white flight to the suburbs after the devastating 1967 race riots. The integration of public schools pushed more people out, he said.

As the population and tax base shrank, city services got worse and worse and the gulf between the city and the suburbs got wider and wider.

Motor City then saw its main employers go through round after round of mass layoffs as auto factories were automated or outsourced and Asian competitors siphoned away market share.

AFP

Detroit's emergency manager Kevin Orr filed for Chapter 9 bankruptcy on July 18, making Detroit the largest city to file for bankruptcy in US history.

Once the third largest US city, Detroit has seen its population shrink by more than half from 1.8 million in 1950 to 685,000 today.

"The economy and Kwame Kilpatrick finished it off," Dombrowski said, referring to the 2008 financial crisis that sparked a lengthy downturn and Detroit's former mayor who was recently convicted of federal bribery charges.

His theory is backed up by the numbers: Detroit's population has fallen by 28 percent since 2000.

The city has been so strapped for cash that nearly half of the streetlights don't work.

A shrunken police force has been unable to clamp down on rampant crime. Just 8.7 percent of crimes are solved and the average response time is 58 minutes.

Only a third of the city's ambulances work.

Frustration was evident among city employees interviewed outside the Coleman Young Municipal Building, which was built during the 1950s when the city was thriving.

"The city government is very inefficient," acknowledged one city employee, who asked not to be identified for fear of retaliation.

"There's all kinds of overlapping departments, which means you can't get anything done."

But there are pockets where the city is showing new signs of vitality.

In midtown -- home to Wayne State University, the Detroit Institute of Arts, two hospitals and the main branch of the Detroit Public Library -- new boutiques and businesses are cropping up.

Rachel Lutz, 33, said she wanted to tap into Detroit's emerging art scene when she opened her chic boutique, The Peacock Room, two years ago. Business was so good, she opened another one around the corner.

The limestone-fronted Park Shelton building where her shops are located is also now her home. She said there are about 400 residents in the mixed-use building and a waiting list of about 200 more.

"We live in a bubble," she said, explaining that the area is policed by private security patrols from Wayne State, the art museum and the hospitals.

While the bankruptcy will undoubtedly hurt city workers and retirees, "I don't think it's going to affect me on any intimate level," Lutz said.

"The bankruptcy could be a step in the right direction," said Llana Williams, 32, who works at Wayne State University.

"I know there have been bad decisions made in the past, but I don't want to think about them because I just get angry."

Alexandra Gallagher, 16, lives in the suburbs and was visiting the main library to look at old newspapers with her grandmother Friday.

"I think Detroit is a beautiful city," she told AFP. "I hope Detroit gets better."

Indian investment moves marred by steel pullouts

AFP, *Mumbai*

INDIA may be trying to lure foreign investors to revive its ailing economy, but the axing of two mega steel projects underlines obstacles even industry giants face, analysts say.

Prime Minister Manmohan Singh and top ministers agreed last week to relax foreign investment rules in a bid to woo investors and boost sluggish economic growth.

"More FDI (foreign direct investment) reforms are on the anvil," Singh told an audience of industry leaders in New Delhi on Friday.

Among the more eye-catching reforms trumpeted three days earlier were the removal of the FDI cap in telecoms and the loosening of rules in the defence sector for overseas players.

But the announcement came the day that the South Korean giant Posco said it was pulling out of a $5.3 billion deal to build a steel plant in the southern Karnataka state, citing problems in obtaining mining rights and vociferous opposition from local residents.

The following day, the world's largest steel maker, ArcelorMittal, said it had scrapped plans to build a plant in the eastern state of Orissa due to delays in acquiring land.

The Posco plant had been due to produce six million tonnes of steel per year, with ArcelorMittal planning double the amount.

Observers say opposition from locals and land acquisition are frequent obstacles to attempts to set up factories, build roads and implement other major infrastructure projects that India badly needs.

"The general business sentiment is weak, with procedural hassles of setting up a business and running it quite tricky," said Siddhartha Sanyal, chief India economist with Barclays Capital.

"Land acquisition, availability of coal and power, and sourcing of key minerals are all becoming very big issues which affect industrial activity."

India is facing a host of economic problems that the embattled Congress-led government is keen to address before facing voters in a general election that must be held by May 2014.

Growth is at a decade low of five percent, the rupee is Asia's worst performing major currency and the current account deficit -- the broadest measure of trade -- for the full fiscal year ended March is at a record high, mainly from huge oil and gold imports and weak exports.

FDI in India is seen as vital to reducing the deficit and spurring growth, as well as improving the country's creaking infrastructure and providing jobs for its millions of young people.

Last September, the government announced a string of pro-market reforms that relaxed or removed barriers to foreign investment in retail, insurance and aviation sectors.

The measures approved last week, which still need full cabinet clearance, included raising the ceiling on FDI in telecommunications from 74 percent to 100 percent.

They also abolish the need for government approval for certain levels of foreign investment in single-brand retail and petroleum refining.

David Sloan, Asia director at consultancy Eurasia Group, was unimpressed with the moves in a note to clients after the announcement.

"The government's focus on relaxing investment rules in relatively uncontroversial and unattractive sectors underscores its inability to address India's more pressing economic challenges," he wrote.

"Although these moves are designed to generate capital flows to help bolster the weak rupee and lagging economic growth, they are unlikely either to spur major new investment or have more than a very limited short-term economic effect."

FDI in India plunged to $36.8 billion last year from $46.5 billion the previous year, government figures show.

To improve investment conditions, economists say India needs to reduce its notorious red tape, cut inflation, lessen widespread corruption and speed up project approvals.

"It will be too far-fetched to expect a quick turnaround for the country based on the pace of current reforms," said Nick Paulson-Ellis, chief executive with Espirito Santo Securities India.

"Foreign companies entering India for the first time want to see stable policies and a faster decision-making environment," he told AFP, adding that better land acquisition laws were key to setting up industries.

Although industrialisation is championed as a way to pull tens of millions of Indians out of poverty, many farmers complain they are being forced to sell their land at below market rates and are being robbed of their livelihoods.

Earlier this year the government drafted a land acquisition bill to better reward landowners whose property is bought for industrial development, but consensus on the bill has so far eluded lawmakers.

Chandrajit Banerjee, director general of the Confederation of Indian Industry, said further issues troubling foreign investors included tax structures, some of them retrospective.