

Tourism extravaganza kicks off tomorrow

Representatives from 15 countries to take part in Dhaka travel mart

STAR BUSINESS REPORT

Dhaka travel mart, the country's biggest gathering of travel service-related companies, starts tomorrow at Dhaka Sheraton Hotel.

Some 42 organisations from 15 countries will take part in the three-day exposition to promote and explore the untapped potential of the industry.

Wolfgang Vollmann, director of Unesco Bangladesh, will inaugurate the fair. M Mahbubur Rahman, chairman of Bangladesh Parjatan Corporation, and Abdul Mannan MP, president of Pacific Asia Travel Association's Bangladesh chapter, will also be present.

At a press conference in Dhaka yesterday, Kazi Wahidul Alam, editor of travel magazine Bangladesh Monitor and organiser of the tourism extravaganza, said the fair will help boost tourism and create scope for increasing cooperation among tourism service providers of the participating countries.

"The fair will set the stage for inter-country cooperation in tourism sector. As a host country, Bangladesh has a lot to achieve from the fair especially by highlighting tourism potential of key local spots," he said.

At the fair, Bangladesh Parjatan Corporation, Nepal Tourism Board, Tourism Malaysia, Biman Bangladesh Airlines, Saudi Arabian Airlines, Malaysia Airlines, Emirates, Qatar Airways, Druk Air, Dragonair, Air Macau, Cosmic Air, Mahar Air will offer special packages.

A seminar on "Tourism Industry and the Role of Private and Public Sector" will be held on the sidelines of the fair. Subhash Goyal, president of Travel Agents' Association of India, Imtiaz Moqbil, a renowned travel writer from Thailand, and Sharifah Loon, director of Malaysia Tourism Board, will speak at the seminar.

The fair will remain open daily

from 10:00am to 8:00pm. Entry fee is fixed at Tk 20. There will be prizes that include air tickets for visitors during the fair as well as a grand raffle draw on the concluding day.

Managing Director of Biman Mahmoodur Rahman, President of Tour Operators Association of Bangladesh (Toab) Faridul Haque, President of Association of Travel Agents of Bangladesh (Atab) M Muhaimin Saleh, Director (Marketing and Sales) of GMG Airlines Ismail R Chowdhury and Country Manager of Amadeus Mustafa Kamal were present at the press conference.

Biman is the official carrier and co-sponsor, GMG the co-sponsor, Toab and Atab the co-organisers and Amadeus, the technology partner of the fair.

UK minister to meet Saifur in Paris

STAR BUSINESS REPORT

UK Minister for International Development Hilary Benn is expected to meet Finance Minister M Saifur Rahman in Paris on the sidelines of Development Assistance Committee High Level Forum (HLF) meeting of the Organisation for Economic Cooperation and Development (OECD).

Benn will discuss the new Poverty Reduction Strategy Paper of Bangladesh and UK's concerns about political violence and the recent bombings in the country, said a news release of British High Commission, Dhaka yesterday.

Tea auction witnesses static market

STAFF CORRESPONDENT, Ctg

The international tea auction here witnessed a static market in terms of both price and demand.

Blenders and loose tea traders joined the auction and current major foreign buyer Pakistan also lent a fair support.

Around 25,500 chests of tea were put on offer in the auction. Of those, 22,300 were leaf tea and 3,200 were dust tea.

Apart from a few rich varieties that were slightly dearer, bulk of the produces met an easier market with prices decreasing by Tk 5 to Tk 10 than those of the last week.

Since the overall demand was good, there were fewer withdrawals during the auction. Poor and end-season-types of tea were sold at between Tk 30 to Tk 40 per kg.

Sources said the price of top quality tea climaxed at Tk 110. High quality tea was sold at Tk 90 to Tk 95 against Tk 95 to Tk 105 last week, good quality at Tk 75 to Tk 85 against Tk 80 to Tk 90, medium type at Tk 60 to Tk 70 against Tk 65 to Tk 75 and plain type at Tk 40 to Tk 45 against Tk 50 to Tk 60 last week.

Two more auctions will be held this season and prices may ease further because of end-season and poor variety of tea, sources said.

They, however, felt that despite aggressive local consumption, country's annual tea production would surely lag behind the production of last year owing to aging of the tea plants.

Most of the country's 156 tea gardens are aged between 60 and 100 years and are diminishing in terms of production capability, which is a major reason for the low production of tea these days, sources said.

Mintoo elected VP of Asia Pacific chamber

BSS, Dhaka

President of the Federation of Bangladesh Chambers of Commerce and Industry (FBCCI) Abdul Awal Mintoo has been elected vice-president of the Confederation of Asia-Pacific Chambers of Commerce and Industry (CACCI) at a recent meeting of the body held in India.

Mintoo has been entrusted with the charge of the development for "Product and Service Councils" for the term 2005-2006 at the 20th CACCI Conference held in New Delhi on February 18-19, a press release of FBCCI said yesterday.

CACCI is a regional organization of apex chambers of commerce and industry and business association that represents the interest of more than three million business enterprises in Asia and Pacific. It serves as a forum for promoting the vital role of the businessmen in the region.

Prize giving ceremony of Rahimafrooz Batteries held

The prize distribution ceremony of a promotion in the automotive battery industry - Lucus-Kolome Kolome Kuala Lumpur - organised by Rahimafrooz Batteries Ltd was held in Dhaka recently.

The promotion for Lucas brand batteries was to commemorate the company's 50-year celebration by offering 50 attractive prizes every month, says a press release.

Chairman of the company Afroz Rahim distributed the prizes while Director and Chief Operating Officer Munawar M Moyn was present on the occasion.

Bangladesh one of top 10 markets for StanChart

Osman Morad tells The Daily Star

STAR REPORT

Chief Executive Officer of Standard Chartered Bank Osman Morad finds a huge scope for development of banking business in Bangladesh.

"Bangladesh offers enormous opportunity for banking both in wholesale and retail levels," Osman told The Daily Star in a recent interview.

"At the wholesale level, development of the debt capital market offers ample opportunities. Project finance and bond market could be explored as banks in Bangladesh have limits to how much they can lend to a borrower due to their narrow capital base. So, this leaves the room for exploring new avenues for financing."

Osman, who has a vast experience of working in the Middle East, also felt that financing of the small and medium enterprises (SMEs) has not been addressed in a disciplined business way, adding that Standard Chartered has been financing the SMEs reaping turnover up to \$3 million.

"We engage in programme lending for the SMEs," he said. "We look at other programmes taken elsewhere in world and shape it here. We are also going to trade-finance the SMEs."

Osman also sees growth areas in credit card and consumer banking and wants to improve cash management products so that customers can generate transfers of funds from offices.

However, Osman feels that foreign banks should be allowed to set up more branches to facilitate better service to customers.

Talking about the efforts of Standard Chartered to improve service quality, the CEO said a project called Outserve is being implemented here, which analyses a particular complete management process on the basis of customer complaints to find out what actions could be taken to reduce such complaints.

"We have to embed service culture in our staff. That is the biggest challenge of any management



Osman Morad, CEO, Standard Chartered Bangladesh

team and that is my personal challenge too," said Osman.

He also said Bangladesh should be more flexible in allowing expatriates in the banking sector.

"We are exporting people to our network from Bangladesh, but we cannot bring in people from outside because of a limit on foreign national working in banks," he elaborated. "If we could import manpower that would have helped develop best practices and Bangladesh banking sector would have benefited."

Explaining the strength Standard Chartered enjoys in Bangladesh, Osman said diversified products, scale of investment allowing it to accommodate large loans, excellent human resources and strong social commitments are some of the elements that make the bank an excellent one.

With operations for over a hundred years in Bangladesh, the bank has also gained a vast knowledge about the local demands, said Osman.

Standard Chartered considers

Bangladesh a key country in its banking network. Not only that, Bangladesh figures as one of the top 10 most valuable markets in the world for the bank because of what Osman said is its strong growth over the years.

"We have a substantial piece of market share here and the market is growing at 5-6 percent a year without even trying," he said. "It is a very complex market because it is going through a phase of deregulation and we have to innovate new products taking the changes into consideration."

Talking about the complexities of the market, he said: "In Bangladesh, companies do not have the kind of financial reports as in the developed countries because not that many companies are listed on the stock market. So, they do not have annual reports or the kind of financial disclosures. This is why bankers have to know their clients very intimately. This is a challenge in Bangladesh."

"But just as every challenge has its opportunities, knowing customers closely has other rewards in terms of loyalty and better and advanced information on clients," he observed.

"We do not compromise on credit quality, service quality and environmental standards," he stressed. "We customise our global products with local addendum."

When asked to comment on the recent controversy over an internal memo of the bank about Bangladesh economy, Osman said it was caused because of some irresponsible language used in the memo.

"The memo was not fact-based," he said. "Our official view is that Bangladesh economy is strong. Foreign exchange reserves now stand at an attractive level and are sufficient to support import needs. The memo also mentioned that we are doing a lot of business here and that we are planning to do more business," said the Standard Chartered CEO.

Standard Chartered considers

Asia outbound travel industry to grow strongly in '05: Survey

AFP, Singapore

The number of international travellers from the Asia Pacific will grow strongly in the first half of 2005 as the region's strong economic growth continues, a MasterCard survey released Wednesday said.

China, Japan and Indonesia will post the biggest rises in people heading overseas for work and leisure, with outbound travel across all 12 key regional markets to grow by more than 16 percent, according to the bi-annual survey.

The other nine markets included in the survey are Australia, Hong Kong, South Korea, Malaysia, New

Zealand, the Philippines, Singapore, Taiwan and Thailand.

"As outbound travel becomes an integral part of people's lifestyle and personal disposable income rises, the growth in volume and expansion in destination choices will also gain momentum," said Yuwa Hedrick-Wong, economic advisor to MasterCard International in the Asia Pacific.

"The outlook of outbound travel is very robust for the first half of 2005, corresponding well with a strong economic outlook for the region."

China's outbound travel market is expected to expand at the fastest

pace in the region with 33.6 percent annualised growth in the first six months of 2005, MasterCard said.

Outbound travel from Japan, the second-fastest growing market, will increase 19.8 percent followed by Indonesia at 18.9 percent.

Malaysia's outbound market will grow 18.6 percent, Hong Kong 18.5 percent, New Zealand 18.3 percent, Taiwan 16.5 percent, Thailand 12.6 percent, Singapore 12.5 percent, Australia 12.4 percent, South Korea 12.1 percent and the Philippines 9.8 percent.

Mastercard surveyed more than 5,500 people from the region's urban middle classes to obtain its data.

China spends \$195b to maintain currency peg

AFP, Beijing

China's central bank spent 1.61 trillion yuan (195 billion dollars) buying foreign currency last year to maintain the yuan's peg with the dollar, a rise of 40 percent over 2003, state press reported Wednesday.

The People's Bank of China also drained 669 billion yuan from the banking system via open market operations last year, more than double the 282 billion yuan used in 2003, Xinhua news agency said citing a central bank report.

"The central bank faces comparatively large pressure in the management of money flow and currency control," it said.

China keeps its currency pegged to the US unit in a very narrow trading band of about 8.28 yuan, a level which trading partners, especially the United States, say gives Chinese exports an unfair advantage.

The government is not only under political pressure to let its currency appreciate but the central bank is struggling to mop up the extra cash in the system flowing in on speculative bets that it will free up the peg.

China has resisted foreign pressure to loosen the yuan peg but has promised that it will move over time towards a more flexible exchange rate regime.

Ballooning trade surpluses and years of foreign investment have flooded the financial system with cash and market players say the central bank has been virtually the only buyer of surplus hard currency such as the dollar.

As a result, China's foreign reserves in 2004 soared to a record 609.9 billion dollars from 403.3 billion dollars in 2003, with the increase equal to the total intervention amount.

Meanwhile, China's 60 billion

dollar current account surplus, up 25 billion dollars from 2003, and 61 billion dollars of foreign direct investment (FDI), were additional large sources of foreign exchange, ING economist Tim Condon said in a note.

This still leaves 74 billion dollars (614 billion yuan) of non-FDI capital flows, coincidentally roughly the same amount as the central bank drained from the system through its open market operations.

"This is the monetary management issue that we believe will motivate the authorities to reform their exchange rate regime by introducing greater two-way risk some time in the second quarter of 2005," Condon said.

In attempt to ease pressure on the currency, China will cut its growing balance of payments surplus by permitting more foreign currency to leave the country, state media reported earlier this week.

Siemens sees mobile phone activities in red at start of '05

AFP, Munich

German electronics giant Siemens expects its loss-making mobile phone handset activities to remain in the red in the first three months of this year, which is the second quarter of the company's business year, the chairman said Wednesday.

Siemens runs its business year from October to September and the mobile phone activities posted a loss of 143 million euros (188 million dollars) in the three months to October.

"We don't think that we'll post a positive result for the current quarter," chairman Klaus Kleinfeld told journalists in Munich late Tuesday in comments not released for publication until Wednesday.

Kleinfeld also hinted that no decision had yet been reached about the fate of the business.

Mitsubishi Motors aims to make profit in US next year

AFP, Tokyo

Scandal-hit Mitsubishi Motors aims to return to the black in the key US market in 2006, while launching exports from its Illinois plant to Russia, Ukraine and the Middle East, its new president said Wednesday.

Osamu Masuko, who was sworn in as president and chief operating officer of Japan's fourth-largest carmaker in January, said the company would hit the target alone, denying speculation it might join forces with other automakers.

Mitsubishi will focus on a few popular models, a shift away from its costly full-range strategy, while trying to restore consumer confidence hit by defect cover-ups, Masuko told foreign news agencies in an interview.

Thailand tightens import amid trade deficit

ANN/THE NATION

Prime Minister Thaksin Shinawatra Tuesday ordered an import-monitoring panel to keep a close watch on the Kingdom's deteriorating trade balance following the largest current account deficit in almost eight years - US\$942 million (Bt36.07 billion), recorded in January this year.

He was raising his concern at the Cabinet meeting, at which he was informed that imports of capital goods such as machinery, medical equipment and gold, coupled with the higher oil prices, resulted in the trade deficit in January.

Although the prime minister said the situation remains under control, he added that the current account

deficit should set off alarm bells for policy-makers, who would have to focus on economic stability at a time when the economy is slowing down.

Foreign investors Tuesday were alarmed by the big current account deficit, dumping net Bt685 million worth of Thai stocks.

At this point, there are two schools of thought on how Thailand should proceed amid the deteriorating current account.

The first school of thought, represented by the prime minister and his advisers including Vijit Supinit, holds that a small current account deficit would be good for the Thai economy as the Kingdom is shifting its gear toward investment as the engine of growth. If the current account deficit does not exceed 2 per cent of the

gross domestic product, this should be sustainable.

Another school of thought, represented by MR Pridiyathorn Devakula, the governor of the Bank of Thailand, as well as Virabongsa Ramangkura and Kosit Pampiemras, still doubts whether Thailand can afford to run a persistent current account deficit, without harming investors' confidence and the baht's stability.

However, going forward, Thailand would eventually need to run a current account deficit - a gap between investment and domestic savings - because it needs to continue to post a decent growth rate of 5-6 per cent.