

International Business News

No country immune from financial turmoil: WB

AFP, Geneva
No country is immune from the ongoing financial crisis, World Bank President Robert Zoellick said Monday, rejecting the theory that Asia's fast-growing economies are decoupled from Western countries.
"I don't believe countries are immune, I don't believe that there is de-coupling," he said during a press conference at the International Labour Organisation here.
"I do believe that some of the effects in both the trade sector and financial markets will flow through," he added.
Zoellick praised the strong momentum in China and India and welcomed the fact that the world economy was sustained by "multiple poles of growth."
But he noted that due to the credit squeeze sparked by the financial crisis in the United States since last summer, emerging countries will have to face the costs of higher lending prices while others are borrowing less than they would have liked.
In addition, some poorer countries are facing high food and energy prices that are putting "a terrible squeeze, particularly on the poorest."

Europe not threatened by recession: IMF

AFP, Paris
Europe is not threatened by recession at the moment, but the IMF plans to cut its growth forecast for the region, the top International Monetary Fund official for Europe said on Monday.
Asked about the possibility of a recession in Europe caused by economic woes in the United States, the official, Michael Deppler, replied: "This is not going to be part of our forecast."
The IMF is to release new economic forecasts in the coming weeks and Deppler said the figures for growth were "moving down" but not into negative territory.
He declined to comment on whether the United States, hit by a housing and credit crisis, was already in recession, saying only that "clearly developments in the US are weaker."
Deppler, IMF director for Europe, said the biggest risk for the eurozone countries in Europe was the relationship of the euro to Asian currencies.
The euro has strengthened sharply against the dollar, which makes exports from the eurozone more expensive and hits the international competitiveness of the region, while Asian currencies have not appreciated as much, Deppler explained.

JPMorgan Chase buys Bear Stearns

AFP, Washington
US banking titan JPMorgan Chase prepared Monday to take over the crisis-hit investment bank and brokerage Bear Stearns for around 236 million dollars as a credit crunch rocks Wall Street.
Bear Stearns mounting losses from mortgage-backed securities had sparked fears on Wall Street that it was on the verge of collapse and although it obtained emergency funding from the Federal Reserve, its shares closed down a hefty 47 percent at 30 dollars Friday.
JPMorgan Chase announced late Sunday it was now paying just two dollars a share to takeover Bear Stearns in a deal which has already been approved by the US central bank, underlining that the Fed wants the deal consummated as fast as possible.
The Fed has agreed to fund up to 30 billion dollars of Bear Stearns' less liquid assets to help prop up the takeover.



People stand outside the offices of global investment bank, securities trading and brokerage firm Bear Stearns & Co on Madison Ave on March 17, 2008 in New York. JP Morgan Chase bought Bear Stearns & Co, for US\$2 a share.

S Korea aims to be top 10 investment market

ANN/ THE KOREA HERALD
The South Korean government on Monday outlined the key goals it wants to achieve by 2012 so as to make Korea globally competitive. They include the broad-based adoption of global standards, increasing the nation's self-sufficiency, and making this country an investment attraction.
The Ministry of Knowledge Economy's policy agenda were reported to President Lee Myung-bak yesterday. The ministry, whose keywords are "knowledge" and "innovation", faces the challenge of tailoring policies in line with Lee's campaign pledge to achieve 7 per cent economic growth during the coming 10 years.
The country's aim this year is 6 per cent, still regarded as rather ambitious, given the US housing crisis--described by some economists as a Pandora's Box--which is clearly rattling the global economy.
The Bank of Korea and most economists predict growth of less than 5 per cent this year.
Whether or not the Lee administration achieves its goals, the Ministry of Knowledge Economy believes that its initiatives will ensure sustainable growth and raise the country's economic status.

HOTELS

Dhaka's five-star boom

SAYEDA AKTER

Dressed in the finest traditional sherwani and paggree, the doorman ushers guests into the marble lobby of The Westin Dhaka, the capital's latest five star hotel situated in the heart of Gulshan.
Inside groups of foreign businessmen and guests recline in the trendy egg shaped chairs, sipping coffee and eating delicate pastries. It is midmorning and the café is doing a brisk trade, as it has done since the hotel was opened in July last year.
"Everyday we receive different types of guests with a wide range of business people, including garment merchants, telecom investors, donor agency delegates, as well as a number of tourists," said Mahbubur Rahman, communication director of The Westin.
The Westin is busy, but it is not alone. In recent years, the hospitality sector in Bangladesh, has been booming with the five star hotel segment a symbol of the increasing number of well off visitors coming to the country.

In the past two years three new five star hotels have opened in Dhaka and at least three more are expected to open in the next few years.
Industry experts said the capital now has around 1250 five star rooms, and while the hotels only reach full occupancy in the winter months, an average occupancy rate of around 75 percent is easily enough to keep the business profitable.
One of the major drivers of the growth has been the increase in foreign business people visiting the country as both the garment and telecom industries have taken off. In recent months, the political stability has also helped attract visitors. Moreover the market is forecast to grow further in coming years.
Leading the boom have been the newly opened hotels, the 235-room Westin, the 204-room Radisson Water Garden and The Dhaka Regency, which has 110 rooms currently in operation and will be adding another 250 in the next 12 months.
All three hotels have been built in the north of the city, exploiting better access to Zia International Airport and the garment belt in Ashulia-Savar as well as the headquarters of the major mobile telecom operators.
They are also either inside, or close, to the capital's diplomatic zone and therefore largely unaffected by hartals, enforced general strikes that

bring commercial activity in the rest of the city to a standstill.
They are competing with the city's more established names, The Dhaka Sheraton in Shahbagh and the Pan-Pacific Sonargaon in Karwan Bazar.
Noor Ali, managing director of Westin, said the hotel already had an occupancy rate of 70 percent, and claimed the room revenue at the hotel is 30 percent higher than that of his rivals.
Ali also said the Westin had gained at least 25 percent of the total five star market.
"The Westin now provides six star facilities to the guests and I dream of a seven star hotel in the country, which would be possible in near future," he added.
But the Westin will have to work hard to catch up with Radisson Water Garden Hotel, opened in February 2006. The hotel made an operating profit of more than US\$6.721 million in 2007, a record for a hotel in Bangladesh.
Radisson claims a market share of about 40 percent with an occupancy rate of over 80 percent, according to Sabreena Rahman, senior public relations executive at the hotel.
Sabreena also said the hotel has earned the highest revenue of US\$ 13.377 million last year, mainly as a result of a solid growth of business customers.
Dhaka Regency, a British-Bangladesh venture by non-resident Bangladeshis (NRBs) opened in April 2007 and is yet to enter full operations.
Shahid Hamid, general manager of Dhaka Regency, said though the hotel is newly opened and still to complete a whole year in business, the hotel occupancy rate exceeded 50 percent.
"The hotel is now partially open and we hope to come into full operation by the end of August this year," said Hamid.
"As the country's business sector is growing, we are optimistic to receive more guests, who prefer a sound environment outside, but close, to the central town," he added.
But the older hotels are fighting back. The Dhaka Sheraton recently completed a major renovation and last year made an operating profit of US\$ 4.16 million, despite the intense competition.
"We have to compete with new hotels opened in recent years, yet the Sheraton is still a premier and bigger hotel in



Dressed in traditional sherwani and pagree, a doorman greets at the entrance to The Westin Dhaka, a five-star hotel in the capital, yesterday.



The photo taken yesterday shows the under-construction five-star hotel, Holiday Inn, on Airport Road in Dhaka.

CURRENCY

The falling dollar, good and bad for Bangladesh

STAR BUSINESS REPORT

The sharp fall in the value of the US dollar in international currency markets will have a mixed impact on Bangladesh, favouring the country's exporters but pushing up the price of imports, experts said.
The dollar fell to record lows against the euro and Swiss franc and its weakest level since 1995 against the yen on Monday. However against the Bangladeshi taka it remains stable at around USD1:TK68.69. Indeed the taka-dollar rate has remained largely unchanged for the past two years.
This is because restrictions on foreign currency movements allow the central bank to have a strong influence on the dollar-taka rate, and the bank is keen to keep it stable.
But while you still need the same amount of taka to buy a

dollar, the slump in the dollar's price against other currencies has had a significant impact on the competitiveness of the country's exports, especially the garment sector that accounts for 75 percent of foreign exchange earnings.
With the Indian, Chinese and Viet Nam currencies strengthening against the dollar garment manufacturers in these countries get less rupee, renminbi or dong for each dollar they are paid. This means their profitability is hit and they need to increase their dollar prices to get the same amount of local currency.
Fazlul Hoque, president of Bangladesh Knitwear Manufacturers and Exporters Association said: "In the export of knit items I will say we will gain."
He said a strong appreciation of Chinese and Indian currencies

encourages international buyers to come to Bangladesh. Moreover even large European buyers place their orders in dollars, despite the fact that they sell in euros or pounds. This means they can increase their profits without having to raise retail prices, as their dollar manufacturing costs remain the same.
Another group happy with a stable dollar rate are the million plus Bangladeshis working in the Gulf States and Saudi Arabia. As most of the currencies in the region are fixed to the dollar they are able to remit a steady flow of money. On the other hand Indian workers are finding that their hard earned wages buy less and less rupee.
The main drawback of the taka's link to the dollar is the rising cost of imports. Currently, we import big chunk of goods from non-dollar

countries, such as India and China, explained economist Sajjad Zahir. "We've to pay more to these countries because their respective currencies have appreciated against the dollar," he added.
The food market in particular is strongly linked to India so the stronger rupee costs.
Moreover while the appreciation of other countries currencies have given them some relief from record high dollar prices for commodities, Bangladesh has not been able to soften the blow with a stronger taka.
Indeed even sections of the garment industry will be affected. As Abu Jafar Nizami, managing director of Royal Denim, said Bangladesh will see a serious cut in investment in the wake of depreciation of the greenback as the country imports capital machinery mainly from Europe.

