

International Business News

Philippine tourism sector breeds new jobs

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New opportunities and jobs are surfacing in the wake of wide-ranging expansion moves in the tourism sector.

While travellers, foreign and locals alike, set their sights on traditional and emerging destinations and activities, the horizon for more tourism workers--especially those with new expertise or hitherto irrelevant specialisations--widens as well.

"The country's brisk tourism business is not only creating thousands of jobs but also spawning a new breed of professionals and developing a culture of product and service excellence," said Tourism Secretary Ace Durano.

Durano said that in the 3rd Trabaho sa Turismo fair held in Cebu City earlier this month, 2,000 from this event alone were on offer from participating tourism and travel-related companies.

"Among the newly-hired are those specialising in hotel and resort operations, retail, logistics and distribution," he said. "More jobs are being created and filled up as the industry expands and the Department of Tourism develops new and attractive tourism products for the various segments of the global market."

The tourism chief was referring to the affluent scuba divers in Europe, golfers in Korea, gateball players in Japan, ecotourists and nature lovers from around the world and, lately, bird watchers from the United Kingdom.

S Korean leader seeks trade zone with Japan, China

AFP, Tokyo

South Korea's new president, Lee Myung-Bak, has said he backs a vast free-trade zone with Japan and China to boost the competitiveness of the three economic powers.

"A free trade zone may be possible if each of the countries within the region works together," Lee said in an interview with foreign newspapers in Seoul, as quoted Monday by Japan's Nikkei business daily.

"By coordinating efforts, South Korea, China and Japan can maintain competitiveness in the global market. Japan should play a major role," Lee said.

South Korea has long been concerned that it is sandwiched between Japan, Asia's largest economy and a technological leader, and China, which is growing rapidly on its giant labour pool and manufacturing industry.

In a bid to secure South Korea's advantage, Lee's predecessor, Roh Moo-Hyun, negotiated a controversial free-trade deal with the United States.

Free trade talks between Japan and South Korea have been suspended since November 2004 as Seoul tried to open up Japan's agriculture market. Both countries heavily protect their farmers.



AFP

A woman (R) looks at dress collection displayed at a boutique in Bangkok yesterday. Thailand's budget deficit in the next fiscal year would reach nearly 250 billion baht, equal to 2.5 percent of the country's GDP, officials said.

IMF forecasts GCC inflation to rise to 7pc

AFP, Manama

Overall inflation in the oil-rich Gulf Cooperation Council is expected to increase to about seven percent in 2008, the International Monetary Fund said on Monday.

"Overall inflationary pressures in 2008 are expected to increase to about seven percent on average," Gene Leon of the IMF's Middle East and Central Asia section told a forum in Bahrain.

The IMF had forecast overall inflation in the six GCC countries to be six percent in 2007 while it had expected inflation in Qatar and the United Arab Emirates to ease around 12 percent and eight percent respectively.

But in updated figures shown in Leon's presentation, inflation in Qatar has surged to around 14 percent in 2007 while consumer prices in the UAE were estimated to have risen to around 11 percent.

Toyota mulls building 5th engine plant in Japan

AFP, Toyota

Japan's largest automaker Toyota Motor Corp., which has seen strong growth in recent years, is studying building a fifth engine factory in Japan, a company official said Monday.

"It is one of our options," said Toyota spokesman Hideaki Honma.

He was referring to a weekend report by the Nikkei business daily that Toyota is planning to build its fifth engine factory in Japan by around 2010 in northern Miyagi prefecture.

"We are constantly examining what is best for production, but nothing concrete has been decided yet," Honma said.

The Nikkei said the plant will manufacture some 200,000 engines a year for Toyota subcompact cars -- a rapidly growing market both at home and abroad at a time of high oil prices.

BRANDS

Local clothes are cool



Showrooms of Cats Eye and Yellow, the two local brands of clothes at Bashundhara City shopping mall in Dhaka.

REFAYET ULLAH MIRDHA

In Westecs' gleaming new store in Gulshan, sharply dressed sales assistants circle the displays of shirts and suits, dresses and handbags, waiting to catch the eye of browsing customers.

It is the Bangladeshi group's seventeenth store and its twelfth in the capital, and prices match the store's prestigious location in the heart of the city's most exclusive shopping district, with Westecs' own range of autograph shirts retailing for around Tk2,500 (USD35).

"People are willing to pay for quality," comments the eager shop assistant, "we wouldn't have such items in the shop if they didn't sell."

On Gulshan Avenue Westecs is not the only Bangladeshi clothing brand doing business. Opposite the Ecstasy store is having a sale, a few hundred meters up a new

Cats Eye outlet is preparing to open, while in the Avenue's Pink City shopping mall Beximco's Yellow has been in operation for more than a year.

A generation brought up on the allure on foreign brands, such as Levis, Nike or Gap now thinks it is chic to wear local brands, and moreover they are prepared to pay for them.

For the country's garment industry it is a new opportunity. Developed to serve foreign buyers, manufactures are beginning to realize that there is a rapidly emerging market on their own doorstep that can be just as profitable. "Middle-class people and the young generation are the target groups of most of the manufacturers of local brands," said Soumit Ranjan Mazumder Sales and Operation manager of Cats Eye.

Cats Eye has been designing and manufacturing in

Bangladesh for the last 27 years, but the market has really taken off recently. Its new outlet in Gulshan will be its thirty-first in the country.

Potentially the market is huge as economic growth has not only put more money in people's pockets but also changed the way they dress, according to Soumit.

The group has even started developing sub brands in order to appeal to different segments of the market. For example its Monsoon Rain label is aimed at executives, while its UNLIMITED brand is targeted at young and 'ultra modern' buyers.

In the Cats Eye store in Elephant Road, Dhaka University student Wahedul Alam is typical of the customers who are pushing the group's growth. "I come to these kind of stores as do many of my fellow students as the brand items are better than you find in normal shops."

Another brand aimed at youth is Ecstasy that has 10 stores and is to open its largest branch, a 4,000 square feet unit in Dhaka's Elephant Road, next month. Officials said that the knowledge of the local market made it easier to spot trends and produce clothes in line with young people's tastes.

And there are many more, Fit Elegance the suit maker, with showrooms in Dhaka and Chittagong, or the Dhaka based up market fashion group Yellow. All have their immediate focus on the local market.

Shahroom Ali Sikder branch manager of Fit Elegance in Dhaka said: "Previously people thought only the elite class could wear suit blazers and such items had to be imported. This kind of mentality has been changing and the local market is growing up."

His experiences were echoed by Bharat Pratap Singh,

Manager of the Design Studio of the Beximco Group that owns Yellow. "It will take time to develop brands in a country like Bangladesh. But it is happening gradually," he said.

'Yellow' stands for the young, Singh said, adding that his design house also designs and manufactures the 'Gypsy Skirt' and 'Carrot Jeans' brands that are both available in the local market.

And in an industry once known simply as a "cut and paste" manufacturer for foreign buyers the new Bangladeshi retailers do not lack ambition. Both Yellow and Cats Eye are now considering exporting their designs and brands and setting up stores abroad. Indeed Fit Elegance is already exporting its own range of suits, blazers and trousers to the UK.

Cats Eye's Soumit Mazumder said: "We often get enquiries from foreign buyers but we simply cannot deal

with their orders at the moment as local demand is so high."

Back in Bangladesh however there are still battles to be fought. Chinese imports flood the market from time to time, and the tradition of looking for international brands at knock down prices is not going to disappear overnight.

In Westecs' new Gulshan store, the smart sales assistants are well aware of the challenge. As well as the exclusive men's wear and a chic range of Bangla-Western fusion women's wear, there are international brands such as Dockers at Tk850 a pair and slightly misprinted hummel t-shirts at Tk195.

"If you don't want to pay for one of our autograph shirts, you can always get an unbranded shirt for Tk450 at the back of the shop," the assistant kindly suggests.

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RECESSION

Can a 'decoupled' world cure a sneezing US?

AFP, Paris

A looming recession in the United States poses a vital question about recent changes in the global economic landscape: has the rest of the world broken its dependency on the US motor?

Put another way, and to use one of the most familiar rhetorical questions in economics, when the US economy sneezes does the world still catch a cold?

Most private sector economists believe the United States is heading inexorably towards a period of inaction, with financial market turmoil and weak data for jobs, housing and consumer spending painting an increasingly bleak picture.

Last week, US Treasury Secretary Henry Paulson referred to a "sharp" economic downturn, the OECD said the US economy was "essentially going sideways" and former Federal Reserve chairman Alan Greenspan warned of the worst financial crisis since World War Two.

Amid a hailstorm of such dire forecasts, the fast-growing economies of Asia and the still-dynamic European area represent the best hope of avoiding a severe global slowdown or, in the worst case scenario, a global recession.

The outcome is likely to depend on the extent to which the rest of the world has "decoupled" from the US economy, which makes up about a fifth of world gross domestic product according to 2007 IMF figures.

For proponents of decoupling, the world economy is now less dependent on the United States than before because of development in China and India, increased intra-Asian trade and a more vigorous European economy.

In practice, the world has tended to follow the US, John Williamson, a senior fellow at the Peterson Institute for International Economics, told AFP, recalling how the most recent recession in the United States in 2001 pulled Europe down with it.

The idea of a complete decoupling, in which a US slowdown had no impact on the rest of the world, is clearly implausible given the interdependent, linked-up nature of the world's modern globalised economy.

It was in reference to this latter idea last week that IMF managing director Dominique Strauss-Kahn stated that there "is no decoupling between emerging economies and developed economies."

OECD secretary-general



AFP

Nataly Gold (L), Sivan Gold (C) and Anna Rodriguez (R) shop at a Costco store in North Miami, Florida. The Commerce Department released a report that shows retail sales fell by 0.6 percent in February.

Angel Gurria, speaking at the same conference in Paris, said he didn't "believe in decoupling."

Williamson stressed that decoupling can also refer to the idea that the rest of the world, albeit growing at a slower rate, would be able to pull along a contracting US economy rather than being

dragged down with it.

This idea implies a fundamental change in the gravitational forces that shape the world economy.

"It's very important to recognise that decoupling can be used in two different senses," Williamson said.

He believes the growth of Asian economies provides an

autonomous stanchion for the world economy that did not exist in the same way in times of previous economic difficulty.

This time, with help from Asia, "any US recession is going to be much shorter and shallower," he added.

Charles Wyplosz, a professor of economics at the

Graduate Institute of International and Development Studies in Geneva, says the "change from the past is the emergence of Asia and right now it has been doing well in mitigating the US slowdown."

He added however that "the question is not whether coupling or decoupling exist, it's how much is the US going to affect the rest of the world."

"It seems to be pretty obvious that if the US goes into recession the rest of the world is not going to go unhurt."

The dollar, which has fallen to record lows against other currencies, is also set to hit Asian economies and is part of the "coupling" effect, Wyplosz said.

The weak dollar makes US exports more competitive and reduces demand for foreign-made products in the United States.

Overall, "the good news is the autonomous source of growth in Asia," he added. "It (Asia) is going to be a locomotive, but a tired one."

Given the importance Europe and Asia have now assumed in powering the global economy, economists and investors will be scouring the horizon for any sign of contagion from the United States.