

International Business News

India hikes fuel prices

AFP, New Delhi  
 India's government on Wednesday hiked fuel prices to stem huge losses at state oil firms caused by surging crude costs, with petrol up by around 11 percent and diesel up by 9.4 percent.  
 Petrol prices were raised by five rupees (12 cents) a litre while diesel prices were hiked by three rupees, said the government, which also slashed import levies.  
 In the capital, petrol retails for 45.52 rupees a litre while diesel sells for 31.76 rupees.  
 But the government left kerosene prices, widely used by India's poor masses for cooking, unchanged.  
 "The government is committed to protecting the interest of the common man," said Petroleum Minister Murli Deora.

Subsidies give 'unfair advantage' to some countries: WTO

AFP, Rome  
 World Trade Organisation chief Pascal Lamy said Tuesday that agricultural subsidies give an "unfair advantage" to certain countries and create market distortions.  
 "Negotiations on the reduction of agricultural subsidies... in the framework of the Doha Round could be part of the response to the crisis" of soaring world food prices, Lamy told the UN food security summit in Rome.  
 The Organisation for Economic Cooperation and Development (OECD) and the Food and Agriculture Organization (FAO) warned in a report last month that food subsidies and trade protection are not the answer to the crisis.  
 They added that high prices might even be part of the solution by stimulating neglected investment in agriculture in poor countries.  
 In October 2007, the OECD said its 36 member states paid out 268 billion dollars (at the time, worth 214 billion euros) in agricultural subsidies.

Russia showcased as world economy sputters

AFP, Moscow  
 Russia will project its new confidence on a gloomy world economy this weekend at a glitzy forum in Saint Petersburg, home city of the country's current political and economic elite.  
 President Dmitry Medvedev was expected to deliver a keynote speech on the economy -- his first since taking office -- to political and business leaders at the Saint Petersburg Economic Forum, which runs on Saturday and Sunday.  
 In a reflection of Russia's status as the world's biggest energy power, the chief executives of oil majors BP, Chevron, ConocoPhillips, ExxonMobil, Shell and Russian gas giant Gazprom were also due to address the forum.  
 Officials said contracts worth more than 12 billion dollars (7.7 billion euros) will be signed at the meeting, where the new Saint Petersburg Commodity Exchange, due to start trading oil later this year, will also be showcased.



Labourers work at a construction site in downtown Jakarta yesterday. A government hike in the price of fuel has pushed Indonesia's May inflation rate into double digits for the first time in nearly two years, the Central Bureau of Statistics showed on Monday.

Inflation to keep ECB interest rate at 4.0 percent: analysts

AFP, Frankfurt  
 The European Central Bank is almost certain to keep its key interest rate at 4.0 percent on Thursday given record inflation and signs of resilient economic growth, analysts say.  
 The ECB governing council gathers here Thursday for its monthly rate-setting consultation, 10 years after the bank was created and one year after it raised the eurozone benchmark interest rate to its present level.  
 Economists said they expected the central bank to leave its main refinancing rate unchanged.  
 "The ECB will surely keep rates on hold on Thursday," said Julian Jessop at Capital Economics.  
 Nikolaus Keis of UniCredit Markets added: "Inflation risks are too great a threat and the economy remains quite resilient so far."

Dollar gains on yen

AFP, Tokyo  
 The dollar extended its gains against the yen in Asian trade on Wednesday after Federal Reserve chairman Ben Bernanke said a weaker greenback was adding to US inflation pressures, dealers said.  
 They said the market had taken the rare remarks by the Fed chief on currencies as a signal that the US central bank will not be in a hurry to cut interest rates again as such a move would be likely to weigh on the dollar.  
 The dollar firmed to 105.21 yen in Tokyo afternoon trade from 105.08 in New York late Tuesday.  
 The euro was little changed at 1.5443 dollars but edged up to 162.40 yen from 162.36.  
 Bernanke told a conference in Barcelona, Spain that downward pressures on the dollar "have contributed to the unwelcome rise in import prices and consumer price inflation."

RECYCLING INDUSTRY

Hazardous life of Cambodian children

AFP, Phnom Penh  
 Doctor Tuy Puthea was finishing his rounds one day in late March, inspecting a wound on the neck of a young boy, one of a dozen children loitering in an alley behind Phnom Penh's Olympic Stadium.  
 His 10-year-old patient, wearing only ragged shorts and a t-shirt, was just one among thousands of youngsters scraping out an existence scavenging waste on the streets of the Cambodian capital.  
 Cambodia's growing demand for recyclables -- from bottles and cans to cardboard -- has seen a sharp rise in the number of child scavengers trawling through the capital's waste heaps, many of them press-ganged into what advocates say is one of the world's most hazardous forms of labour.  
 In 2006, around 4,000 children were working on Phnom Penh's streets, according to Chan Haranvadey, an official with the Social Affairs Ministry.  
 That number is estimated to have spiraled to between 10,000 and 20,000, though the number dips during the planting season in May and June, when many children return to family farms, non-governmental organisations say.  
 "These child scavengers are the most vulnerable," said Tuy Puthea, who works with the NGO Mith Samlanh, which helps homeless children.  
 "They use neither gloves nor shoes, they inhale toxic fumes, eat out of garbage bins," he said, listing ailments he sees every day, from headaches and infected wounds to diarrhoea and hacking coughs.  
 Across Cambodia an estimated 1.5 million children under 14 are forced to work, child advocacy groups say. They says that while most labour on family farms, up to 250,000 work in hazardous conditions at such pursuits as begging, waste scavenging, factory work or mining.  
 In Phnom Penh, where an economic boom has also fueled the trash trade, some 70 percent of scavengers are children, according to Mith Samlanh and another child advocacy group, For the Smile of a Child (PSE).  
 They can be seen day and night, sometimes alone or with their families, picking through piles of trash or begging for bottles and cans from customers at streetside restaurants.  
 -- Scavengers' lives defined by violence, degradation --  
 By foraging for plastic, glass,



(left) A Cambodian scavenger carries a bag at a rubbish dump in Phnom Penh. (Right) Cambodian scavengers search for recycling materials at rubbish dump in Phnom Penh. Cambodia's growing demand for recyclables -- from bottles and cans to cardboard -- has seen a sharp rise in the number of child scavengers trawling through the capital's waste heaps.

metal or cardboard, a child can make a dollar or two a day -- no small sum in a country where 35 percent of the population is mired in poverty.  
 But scavenging also places them in a rigid system of patronage, extortion and intimidation at the hands of local thugs acting as middlemen for large recycling outfits operating in Thailand or Vietnam.  
 These handlers, sometimes children only a few years older than the scavengers themselves, often pay lower than market value in exchange for protection or small tips.  
 It's a necessary arrangement in a world defined by violence and degradation.  
 "They are exposed to others problems -- violence, drug use, sexual harassment or trafficking," says Tuy Puthea, whose clinic treats about 30 children a day.

day.  
 That number could drastically increase as plans to close Cambodia's largest dump get underway. Phnom Penh needs to find somewhere else for its garbage because the current dump is almost full, say city officials.  
 Only a few short kilometres (miles) from Phnom Penh's burgeoning downtown, at the end of a dirt lane crowded with garbage trucks, is the Stung Meanchey tip, a vast horizon of trash.  
 Here hundreds of scavengers, many of them children, wander through the smoldering squalor, their clothing stiff with grime and faces tightly wrapped with scarves against the stinging, ever-present smoke.  
 But without the dump, they will be forced into the streets, swelling the ranks of those already prowling Phnom Penh's litter piles but also taking them further from the reach of the groups most actively trying to help them.  
 "Closing the dump is a good thing -- this should not be so close to the city," said Pin Sarapitch, director of the programmes at PSE, which for 12 years has operated on the fringes of Stung Meanchey, providing education or vocational training for more than 5,000 children.  
 "The closure should be followed by more social intervention from the state. The government cannot close the dump and leave these families without a place to live or work," Pin Sarapitch said.  
 "Where will they go, and how will we be able to our work with them if they cannot be found," he added.

COLUMN

IFTY ISLAM

Tourism in Bangladesh: Challenges and opportunities

Previously I have discussed the importance of defining "Brand Bangladesh" and perhaps one of the most important aspects of nation branding is as a means of promoting a country's tourism industry.  
 According to the World Tourism Authority since 1950, tourist activity has grown each year at an average rate of about 7 per cent, increasing from 25 million to 808 million in 2005. Some estimates suggest that worldwide receipts for international tourism presently amount to US\$ 630 billion per year.  
 In recent years, Asia has done particularly well, with Thailand the undisputed leader with annual tourism revenues per head of US\$ 157 (2004). By contrast, Bangladesh has one of the worst performing tourism sectors, with less than US\$ 0.5 per capita which compares with Sri Lanka at \$26 and India at \$6.  
 Is Bangladesh's disappointing growth in tourism due to poor marketing alone? Only up to a certain point. Although, weak Nation Branding is one factor, there are several others including a lack of attractive hotel resorts, poor infrastructure and disappointing customer service.  
 The National Tourism Policy was set out in 1992 with limited positive impact on developing the sector. This ineffectiveness saw a revision in the National Industrial Policy of 2005 that

	International tourist receipts (USD millions)			Market share in the region (%)			Change (%)		Receipts per arrival (USD)	Receipts per capita (USD)
	1990	2000	2004	1990	2000	2004	03/02	04/03	2004	2004
Asia and Pacific	46,825	91,259	127,764	100	100	100	(3.6)	31.7	880	35
North-East Asia	23,001	46,028	63,985	49.1	50.4	50.1	(8.9)	35.8	805	42
South-East Asia	14,479	26,188	32,190	30.9	28.7	25.2	(12.7)	31.1	665	57
Myanmar	9	162	84	0.0	0.2	0.1	(53.0)	50.0	345	2
Thailand	4,326	7,483	10,034	9.2	8.2	7.9	(0.6)	27.7	855	157
Oceania	7,316	14,246	22,904	15.6	15.6	17.9	21.4	23.0	2,255	709
South Asia	2,029	4,797	8,686	4.3	5.3	6.8	24.2	28.8	1,140	6
Bangladesh	11	50	67	0.0	0.1	0.1	0.0	17.2	245	0
Bhutan	2	10	12	0.0	0.0	0.0	4.3	50.0	1,350	6
India	1,513	3,460	6,121	3.2	3.8	4.8	43.8	37.1	1,770	6
Nepal	64	158	230	0.1	0.2	0.2	92.3	15.0	595	8
Sri Lanka	132	248	513	0.3	0.3	0.4	21.5	16.3	905	26

expanded the tax incentives for foreign investors along with generous repatriation allowances to encourage more FDI. But the impact of this initiative has so far been modest.  
 An excellent paper by Mizan Khan and Mahfuzul Haque (see BIMSTEC-Japan cooperation in Tourism and Environment: Bangladesh Perspective, May 2007) provides a valuable analysis on Bangladesh's tourism sector. They note the strengths, weaknesses, opportunities and threats faced by the sector.  
 On the strengths side, the country possesses some unique archaeological sites, cultural heritage and eco-tourism products like the world's largest mangrove forest, the Sundarbans, the

world's longest unbroken sea beach in Cox's Bazar (120 km), the oldest archaeological site in the Southern Himalayas-Paharpur and world's largest terracotta temple - Kantaji Temple in Dinajpur. The weaknesses are the limited budget for tourism promotion overseas; lack of policy direction and volatile staffing at Parjatan and a poor country image.  
 As for opportunities, they point to how easy it would be to implement eco-tourism, riverine tourism, and spiritual tourism. The threats are the unstable political environment and natural disasters that re-enforce the poor country image as well as potential objections from the more conservative elements in society to expansion of foreign tourism.  
 But in my mind, before we think about a marketing strategy, we need to have the right product in place. The strongest competitive advantage that the Bangladesh tourism industry has is cheap labour. The challenge is to translate that into a level of customer service that will differentiate a holiday and make it competitive in terms of value per dollar spent with alternatives in Asia.  
 In my previous life as a global strategist, I have been fortunate to travel to 57 countries and have stayed at hundreds of different 5 star hotels. My favourite is the Amanusa resort in Bali and when I visited it I remember that within 10 minutes of my family checking in, I walked past the

manpower-training institute with foreign hotelier participation to strive for this level of service.  
 The three key priorities should be 1) More effective targeting of NRBs in Europe and the US to add on a trip to Cox's Bazaar or the Sunderbans rather than stay in Dhaka. This involves targeted advertising in Bangladeshi media abroad as well as effective marketing by Embassies; 2) Develop a joint venture with a foreign maquette chain such as Westin, Hilton or Four Seasons to establish resorts here. The skill transfer and marketing leverage will be considerable; 3) Ensure investment in infrastructure both in terms of the resorts themselves, transport to destinations and things to do when holidaymakers get there. Integration into a Saarc regional tourism strategy whereby holidays to Nepal can be combined with Bangladesh, for example, may also be attractive.  
 A targeted and viable tourism strategy is critical, but I would reiterate the benefits of a strong culture of customer service to the wider economy perhaps tourism could be the catalyst for us to emulate international standards across sectors from retail to leisure.

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