

# Travel industry looks to China, India, Brazil for boom

AFP, Las Vegas

China, India and Brazil are poised to fuel an explosion in international tourism in the coming years, showering money and jobs on countries ready for it, and trouble for those that aren't, industry leaders say.

With an estimated two billion new middle class consumers expected to come into the markets from those emerging powerhouses over the next two decades, the travel industry sees a potential gold rush ahead.

"The growth of China outbound travel is moving at a huge pace -- it is about 20 percent increase every year. And the number of outbound Chinese travellers hit 58 million last year," said David Scowsill, CEO of the World Travel and Tourism Council, an industry promotion group.

"And if you look ahead, (with about) 1.6 billion coming out of China and India, they are a huge amount of people coming in with money to burn," he told reporters.

The impact of that coming wave is a top topic at a three-day global travel and tourism summit that opens here Tuesday, drawing CEOs from many of the world's largest travel companies and top tourism officials.

The United States is sending Homeland Security Secretary Janet Napolitano, Transportation Secretary Ray LaHood and Valerie Jarrett, a top advisor to President Barack Obama. Mexico's President Fernando Calderon is the guest of honour.

Barriers to travel, technological innovation and change, body blows to tourism in quake-struck Japan and the turbulent Middle East also are on the agenda here.

But organizers say they want to get government officials and industry leaders thinking about what the arrival of the Chinese, Brazilians, Indians and others from newly affluent countries will mean for their national economies and the international travel business.

"We'll ask the attendees whether they are ready to absorb that level of growth," said Scowsill.

"Are governments ready with infra-



A group of Chinese tourists look for souvenirs at the National Palace Museum in Taipei.

structure build? Are private investors ready to put the investment in, and generally speaking are we ready to absorb that level of growth?"

Roger Dow, of the US Travel Association, calls the conflict between the projected surge in demand and lagging infrastructure "a real chicken and egg."

"As we build this travel, which will happen, we'll also have to take a real hard look at our infrastructure, our next generation systems for airports, and adding airport capacity," he said.

Countries that haven't caught up in time are likely to be cursed with fun-killing bottlenecks and overcrowding as millions of new tourists pour through the global travel system.

Ironically, said Scowsill, it is "the developed market leaders that don't fully understand the impact of tourism. They kind of take it for granted in a way that we do not see in some of the developing world."

The United States, for instance, has

seen little growth over the past decade in the number of long-haul travellers it receives, at a time when the rest of the world has seen an increase of about 40 percent.

Nevertheless, Commerce Department figures out Tuesday show a strong US rebound in travel and tourism-related exports in 2010 to 134.4 billion dollars, after a record 21 billion dollar, or 15 percent, drop in 2009.

The biggest increase, 18 percent, came from the Asia-Pacific region. Visitors from China, Singapore, and South Korea increased their tourism related spending by 39 percent, 31 percent and 30 percent, respectively.

In the view of the travel industry, the US numbers would be much higher were it not for a system for granting US visas that is so gratingly slow that it is driving away visitors.

After the September 11, 2001 attacks, the United States instituted requirements that a consular level officer interview

every visa applicant in person.

"The end result is we have seen visa wait times for interviews go up to 100, 120 days in Brazil and China," he said.

"In Brazil, there are only four places you can go for a visa interview. In China there are five. So the combination of the huge population, the huge demand, and the need for face-to-face interviews in very few places is what has created the problem," he said.

The USTA released a report last week calling for an overhaul of the system.

It proposed hiring 400 more consular interviewers, allowing interviews to be done by videoconference, and exploring visa waivers with countries like Brazil.

"The Brazilian economy is soaring and people want to spend money, they want to travel. And the two highest groups that spend money are the Chinese and the Brazilian travellers. They outpace other travellers in the world by 25 to 50 percent per person," said Dow.

## Bollywood marketing goes mobile

AFP, Mumbai

Times have changed in Bollywood from the days when all that was required to promote a film was a giant, hand-painted poster, a television or cinema trailer and the pulling power of a star actor.

Now, the popular Hindi-language film industry is harnessing the latest technology, hoping that the explosive increase in mobile phones and rapid take-up of the Internet will draw in much needed audiences.

In the first move of its kind, the upcoming Hrithik Roshan film "Zindagi Milegi Na Dobara" (You Only Live Once), will be promoted only via mobile phone and online.

Film studio Excel Entertainment has tied up with one of India's leading mobile phone companies, Aircel, to push two three-minute trailers for free to its 55 million subscribers.

Producer Ritesh Sidhwani said such technology enabled more targeted marketing for films, which are facing increasing competition from other forms of entertainment and are no longer guaranteed healthy box-office returns.

"We felt we needed to go beyond voice to promote 'Zindagi Milegi Na Dobara' and therefore we came up with this idea," he told a news conference in Mumbai on Sunday.

"I think it will work fantastically because mobile reach is much wider... Many people and especially the young crowd watch promos on the Internet, so we felt it was better to go with this plan."

In addition to the mobile phone promos, the film, which is due out on July 15, will have a dedicated page on Facebook -- now standard alongside a film website and trailers on the file-sharing website YouTube.

Mobile marketing makes business sense for Bollywood, as it has done for Hollywood in recent years.

The Indian film industry as a whole has seen revenues slump by 20 percent in the last three years, and tapping new income streams has been seen as a key to future growth.

India is also the world's fastest-growing cellular market and the second largest after China.

According to the Telecom Regulatory Authority of India, there were 752.2 million mobile phone subscribers as of December 31, 2010 -- a massive 43.2 percent increase on the same period the previous year.

Meanwhile, 18.69 million people had Internet subscriptions, a rise of 22.6 percent year-on-year. Of those, 10.99 million had broadband, up 40 percent from 7.82 million a year earlier.



AFP  
A sign posted in front of the LinkedIn headquarters in Mountain View, California. LinkedIn, the professional-networking website firm, said on Tuesday it expects to be worth as much as \$4 billion when it goes public soon, sparking fears of another internet bubble.

# World Bank: Emerging markets reshaping landscape

REUTERS, Washington

Growth in emerging-market countries is outpacing developed countries so greatly that the global economic landscape will be wholly altered over the next 15 years, a World Bank study on Tuesday predicted.

"By 2025, six major emerging economies -- Brazil, China, India, Indonesia, South Korea and Russia -- will account for more than half of all global growth, and the international monetary system will likely no longer be dominated by a single currency," the study said.

Currently, the U.S. dollar serves as the world's reserve currency but the study said there has been "a slow decline in its role since the late 1990s" that was likely to continue.

"The most likely global currency

scenario in 2025 will be a multi-currency one centred around the dollar, the euro and the renminbi," the report's lead author, Mansoor Dailami, said at a press conference.

The World Bank said it expects a sharp divergence in growth to continue between the emerging-market nations and old-line rich powers like the United States and other Group of Seven members: Britain, Canada, France, Germany, Italy and Japan.

The study estimated that emerging economies will grow on average by 4.7 percent a year between 2011 and 2025, twice the 2.3 percent growth rate likely to occur in advanced countries.

By 2025, the United States, the euro area and China will constitute the world's three major "growth

poles," the World Bank said, providing stimulus to other countries through trade, finance and technological developments and thus creating global demand for all of their currencies, not just the dollar.

The net result, the study concluded, should be greater stability to the international monetary regime than exists in the current dollar-centred system.

A multi-currency regime would more broadly distribute lender-of-last-resort responsibility and make it easier to boost liquidity during times of market distress without as much disruption as is often the case now.

Hans Timmer, the World Bank's director of development prospects, said the shift to a multi-currency regime would not diminish the dollar's importance and would not happen rapidly.

## What ails the UK and western economies

RAJAN GHOTGALKAR

The industrial revolution that missed India eventually resulted in this once developed and rich country being placed on the receiving end of a ruthless colonial enterprise.

Those engaged in indigenous trade and crafts were coerced into producing primary goods for export at prices convenient to the United Kingdom.

Thanks to newly found mechanised facilities, their industries were now capable of producing far more and better finished products than the artisans in India. These value-added goods were then dumped in India and other markets of the vast British Empire.

England enriched itself substantially because without input cost escalations and those associated with overcoming hurdles to market entry, its industry never really faced the challenges of a normal business environment.

Such undisputed control on the sea routes, the sources of raw material and also the end market could ensure that inflation and margins never really mattered in their scheme of things.

The vast profits generated in these colonies found their way back into the UK, transforming it into possibly one of the richest economies in the world. Obviously, its navy and armed forces gained the prowess to aggressively push forth with its colonial agenda to perpetuate its usurious economy.

As with every economy which sees high growth rates, England too witnessed increasing economic disparities amongst its highly class-based society which soon simmered with the perceptible difference between the haves and the have-nots.

The increasing influence of Marxism across Europe was for the first time pushing its working classes to take to collective bargaining for a larger share in this newly found prosperity. Its feudal society had no option but to buy their peace through broad-based social security benefits and inclusive public welfare

initiatives which in those economic conditions was well affordable.

World War II changed it all and whilst Europe and the UK did emerge victorious, they also ended up practically bankrupt with their economies in need of huge resources to rebuild themselves.

The UK could no longer afford the elaborate infrastructure essential to retain control on its sprawling empire where the sun never set. It wisely made a diplomatic exit in the hope of retaining influence on its Commonwealth of colonies.

What though was unexpected was despite the shambles it had been left in, India rapidly settled as a

economic revival possible allowing for its expensive public welfare systems to survive, albeit partly due to electoral compulsions.

I believe the story of the UK can apply to the rest of the developed western world in smaller or greater measure.

The poor colonies were gradually emerging as economies in their own right whilst the developing world remained obsessed with post World War II issues. The sudden improvement in India's health standards (which was not too difficult considering they were as good as none when we gained our independence) also resulted in a population boom



democracy. Churchill's uncharitable ranting and raving clearly pointed to his being possibly one of those few capable to foresee the eventual impact of losing this jewel in his Queen's crown.

The UK economy soon began wilting under pressures exerted by a real business environment. The British multinational executives who famously conducted business on the golf courses could no longer keep pace with hungry local competition and the nationalistic forces unleashed by our newly born nation haunted by its history of economic exploitation.

Fortunately for the UK, its small population and limited geographical expanse made a fairly quick

while the prosperous world had decreasing growth rates and in some cases even a depleting population.

Simply taking India's case, with a GDP of \$1.73 trillion and per capita income of about \$1,180 we are a middle-income nation today. This despite our numbers growing from 320 million in 1947 to over a billion. Obviously, the vast numbers emerging from poverty are consuming more food and using more oil. Add China to this equation and we will conclude that commodity shortages will persist till productivity in developing countries catches up with growing demand.

Rajan Ghotgalkar is the managing director of Principal Pnb Asset Management Company