Tourism tanks in Crimea under the Russian flag

AFP, Sevastopol

Restaurant owner Galina Anchukova looks out across the seaside promenade in sunny Feodosia, with its straggle of strolling tourists, and sees a wasted financial opportunity. "The season is ruined, there is nobody here," she said.

The first summer season in Crimea under the Russian flag has been a disappointment, local business owners complain, blaming fighting in eastern Ukraine for their troubles.

The Crimean peninsula was once the pearl of Soviet vacation spots, with hotels and spas dotting towns along the Black Sea coast.

Russia annexed the majority Russian-speaking region from Ukraine in March after a pro-Western government took power in Kiev.

But in a cruel irony for Crimea, the pro-Russian rebellion that broke out in eastern Ukraine just afterwards, in which around 2,200 people have died, has trapped its most loyal visitors.

"Normally most of the tourists have been coming from southeastern Ukraine, but that's where the war is and there are no more direct trains from those regions," Anchukova said.

"We've got tourists from Russia, but not that many of them. We hope that next season will be better," she added.

As soon as they disembark from the ferry, tourists from the nearby Russian mainland are swarmed by touts hawking cut-rate prices for hotel rooms.

"This summer there are very few tourists, and we are offering rooms at 400 rubles ($11, 8 euros) per day," said Natalya Gorlova of the Nika tourist agency.

"Crimea's spas are only 30 percent occupied," Alexei Umansky, deputy head of the Russian Tourism Agency Association was quoted as saying by the RBK news agency recently.

"That's a 50-percent drop in visitors from last year."

Russian officials this week also confirmed the drop, saying about three million tourists had visited Crimea so far this year, half the number who came during all of 2013.

Russia's deputy minister for Crimea, Andrei Tsemakhovich, told RIA-Novisti news agency they hoped the number would rise to 4.5 million by the end of tourist season in September.

Hostel owner Anna Konstantinova, 57, can't remember a summer as bad as this one in Sevastopol, the port city home to Russia's Black Sea Fleet.

AFP

Russian tourists exit a car ferry in the Crimean city port of Kerch on Monday, after crossing the Kerch strait from Port Caucasus, Krasnodar region in southern Russia towards Port Crimea, Crimea peninsula, as the car queue to board a ferry exceeds 24 hours.

Only one of her five rooms is rented -- by a family from Saint Petersburg.

But for the opportunistic tourist, there are advantages to the lack of crowds.

"I was here two years ago and I didn't get to see the Khan's Palace as there were too many people," said Anna Savtchenko from Kaluga, a city south of Moscow.

"This time I can see everything in peace. I'm taking full advantage of it."

Some of Crimea's pro-Russian residents are looking to Moscow to boost their tourism industry.

"We are very happy to be part of Russia and put our faith in (President Vladimir) Putin," said Genia, a taxi driver in the eastern city of Kerch, where most of the ferries for the Russian mainland dock.

"For example, he could force police officers and soldiers to spend their vacations in Crimea," he added, half in jest.

Russia did, in fact, encourage state workers to visit Crimea by offering subsidised trips, and there was a de facto ban on police and soldiers on travelling abroad.

But with few flights and waits of up to two days for a ferry, travelling to Crimea for Russians proved often to be an expensive or cumbersome proposition.

The ban also backfired, as it caused a number of tourism firms to collapse, stranding thousands of Russians abroad.

In a bid to remedy Crimea's problems, the Russian government approved earlier this month a five-year programme to invest 660 billion rubles (13.6 billion euros, $18 billion) in the region over the next five years.

The largest part of the funds, around 250 billion rubles, is expected to go towards the construction of a bridge across the Kerch Strait, the three-kilometre (two-mile) stretch of shallow water separating Crimea from Russia's Krasnodar region.

Money is also to be invested in improving tourism infrastructure, as Crimean resorts have trended to shabby since the collapse of Communism, when many Russians and Ukrainians exercised their newfound freedom to visit Mediterranean beaches instead.

Russia targets McDonald's in expanding East-West trade war

AFP, Moscow

Russian authorities launched nationwide inspections of McDonald's restaurants Thursday after shutting several wildly-popular Moscow locations on apparent government orders aimed at striking back against biting Western sanctions.

It was the latest salvo in Russia's escalating and economically-bruising trade war with Europe and the United States over the conflict in Ukraine that has already sent East-West relations into what some have dubbed a "new Cold War".

Russia has a long history of using food safety concerns as a political weapon against unfriendly countries.

It has used alleged consumer safety concerns to ban Ukrainian products and halted imports of Georgian wide months before going to war with the Caucausus nation in 2008.

Washington and its EU allies have unleashed restrictions against broad sections of Russia's economy in response to the Kremlin's perceived attempts to split Ukraine in two as punishment for its decision to anchor its future with the West.

Russia responded by banning nearly all US and European food and threatening even more drastic measures that could effectively cut off the country from Western goods for the first time since the Soviet era.

But the most emotive attack on the United States came Wednesday when Moscow health authorities locked up a McDonald's restaurant that had opened its doors in the final years of communism and because a symbol of Russia's gradual acceptance of the West.

The Moscow authorities also ordered three other central McDonald's locations to close immediately. One of them continued operations Thursday without an explanation.

But the federal office of the Rospotrebnadzor consumer safety watchdog took the campaign to a new level by ordering checks into McDonald's locations stretching from the European portion of Russia across the Ural Mountains and into Siberia.

"We have a letter -- it is an order from the federal (Rospotrebnadzor) service that that is based on a government decree," an official at the consumer watchdog's Ivanovo district office in central Russia told the Interfax news agency.

He said results of the checks would be made public within 20 days.

Moscow's Kommersant business daily suggested that the authorities had no immediate complaints against Burger King because the Russian operations of the number two US fast food chain is nearly half-owned by the investment arm of the state bank VTB.

The paper cited a senior source as saying that the McDonald's checks were being conducted on government orders that apparently had little relation to health or consumer safety concerns.

"That is why the (Moscow) restaurants were immediately closed, even though when scheduled (safety) checks are conducted, first a written warning is usually issued," the unnamed source in one of Russia's federal agencies told the paper.

McDonald's itself has said little about the inspections and is promising to cooperate with the authorities.

The company -- which has strived to support the local economy and relies almost exclusively on Russian-produced food -- said in a statement it was studying the complaints and that "McDonald's top priority is to provide safe and quality products".

HP posts surprise revenue gain after PC sales jump

REUTERS, San Francisco

Hewlett-Packard Co posted a surprise increase in quarterly revenue after sales from its personal computer division climbed 12 percent, but a flat to declining performance from its other units underscored the company's uphill battle to revive growth.

HP sales rose a mere 1 percent to $27.6 billion in its fiscal third quarter from $27.2 billion a year earlier. Wall Street analysts had forecast a modest drop in revenue to $27.01 billion.

The Silicon Valley giant is undergoing a major overhaul aimed at cutting costs and re-orienting itself toward higher-margin businesses such as computing infrastructure. It's trying to reduce a reliance on PCs and move toward servers, storage and networking for enterprises -- part of Chief Executive Officer Meg Whitman's effort to return the sprawling company to growth.

Whitman credited personal computer demand for "coming back some" as consumers and corporations upgraded ageing machines. She was pleased with 2 percent growth in revenue to $6.9 billion at the Enterprise Group, the company's second-largest business that deals in networking, storage and servers.

"It's a turnaround in a declining business," Whitman said in an interview. She singled out a 9 percent increase in sales of industry-standard servers in particular, saying uncertainty around Lenovo's acquisition of IBM Corp's low-end server unit helped steer business to HP.

"We've been able to capitalise on that uncertainty and our win rates are up against IBM," Whitman added.

She pegged Russia and China -- countries whose relations with the United States have come under strain -- as weak spots for PC sales, though Whitman said its Chinese business as a whole remained on solid footing.

HP intends to remain rigorous on costs to try and boost profitability. In May, it estimated another 11,000 to 16,000 more jobs needed to be cut on top of 34,000 previously announced.

It narrowed its earnings forecast for the full year to $3.70 to $3.74 per share, from $3.63 to $3.75. The company posted $1.7 billion or 89 cents per share of non-gaap diluted net earnings in the third quarter, up 3 percent and in line with forecasts.

India to tighten up banking risk management: Jaitley

REUTERS, New Delhi

India's Finance Minister Arun Jaitley said on Thursday that the government was working to tighten up risk management in the banking sector, responding to recent scandals that have raised doubts about lending practices at state banks.

Jaitley did not name any bank, but his comments followed the launch of an investigation into whether the head of state-controlled Syndicate Bank took bribes to roll over a loan to family-controlled Bhushan Steel.

"Some recent instances have been disturbing," Jaitley told a banking audience in New Delhi.

"I would only hope that they are a drop in the ocean and we have all learnt the lessons from such incidents, and there will be no repetition of them."

The investigation into Syndicate Bank has raised broader concerns about weak oversight, corruption and politically directed lending at India's dominant state banks, which are weighed down by bad loans.

In his maiden budget last month, Jaitley said state banks would need $40 billion in fresh capital by 2018 to meet international capital adequacy standards. Much of this cash is expected to be raised on financial markets.

The Central Bureau of Investigation has arrested the chairman of Syndicate Bank and is questioning the head of Bhushan Steel, which owes $6 billion and was this week put under tighter scrutiny by its creditors. The companies and their heads all deny wrongdoing.

CITY BANK

Faruq Moinuddin, chief risk officer of City Bank, and Selim RF Hussain, chief executive of IDLC Finance, pose with senior officials of other banks and financial institutions at a programme recently. City signed agreements to issue coupon-bearing subordinated bonds worth Tk 300 crore with IDLC Finance as the arranger.

Sri Lanka exports jump on EU, US demand for garments

AFP, Colombo

Sri Lanka's trade deficit narrowed substantially this year thanks to increased demand for clothing exports to the United States and Europe, the island's central bank said Thursday.

Exports jumped 16.8 percent to $5.44 billion in the first six months of calendar 2014 compared to the same period last year, the Central Bank of Sri Lanka said.

Imports meanwhile declined 1.2 percent to $8.99 billion compared to the same period last year, the bank said.

Overall, the trade gap reduced from $4.44 billion in the first six months of last year to $3.55 billion in the same period this year, the bank said.

Sri Lanka's exports in mainly garments to the EU jumped 34.6 percent while those to the US increased 12.1 percent, as Sri Lanka's $4.5 billion clothing sector recovers from a slowdown.

"The rapid growth in the apparel industry indicates the ability of the industry to achieve the target for exports of $5 billion well before 2016," the bank said, releasing its trade review for the first six months of 2014.

The bank said retailers were increasingly turning to Sri Lanka, instead of traditional garment hubs such as Bangladesh which is under international pressure over safety standards and conditions following a string of deadly accidents. Tourism earnings also increased strongly to $1.05 billion in the first six months of this year, up 33.8 percent compared to the same period last year.

Sri Lanka's economy recorded growth rates of over eight percent in the first two years after ending a decades-long separatist war in 2009, but since then expansion has slowed.

Foreign worker remittances also increased 10.6 percent to $3.36 billion over the same period last year, the bank said.

The International Monetary Fund noted last month that Sri Lanka was one of the fastest growing economies in South Asia, but the island was also vulnerable to sudden external shocks because of high levels of foreign commercial borrowings.

Raj Kundra, chief executive of Satyug Gold, and husband of Indian film actress Shilpa Shetty, speaks at the launch of the Satyug Mera Gold Plan at a press conference in Hyderabad yesterday. Customers in India can buy gold from 50 rupees (80 US cents) a day in a systematic manner as Satyug Gold has signed long term sourcing contracts with mines in South Africa, Ghana and Peru for the consistent supply of gold directly from the mines through their own refinery in India.

AFP

China manufacturing growth eases in August: HSBC

AFP, Beijing

China's manufacturing growth slowed in August, indicating a recovery in the world's second-largest economy has yet to fully take hold, HSBC said Thursday.

The HSBC preliminary purchasing managers index (PMI), which tracks activity in China's factories and workshops, slipped to 50.3 this month, the British banking giant said in a statement.

The figure was down from a final reading of 51.7 in July and was the lowest for three months, it said.

The indicator is a closely watched gauge of the health of the Asian economic powerhouse, with a reading above 50 indicating the sector is expanding.

"Today's data suggest that the economic recovery is still continuing but its momentum has slowed again," HSBC economist Qu Hongbin said in the statement.

"Industrial demand and investment activity growth will likely stay on a relatively subdued path," he said, calling for "more policy support" to help consolidate the recovery.

Growth in both domestic and foreign new orders slowed from July while input and output prices contracted over the month, suggesting deflationary pressures, according to the statement.

"Both monetary and fiscal policy should remain accommodative until there is a more sustained rebound in economic activity," Qu said.

MARCEL BANGLADESH

Amin Khan, brand ambassador of Marcel, inaugurates an outlet of the company at Faridganj of Chandpur recently. Mosharof Hossain Rajib, head of Marcel marketing at RB Group, was also present.