

Thai crackdown on budget tours hits Chinese New Year

REUTERS, Bangkok

Chinese hotel bookings to Thailand for the Lunar New Year have tumbled as a crackdown on cheap package tours hits visitor numbers from its biggest source of holiday-makers.

Tourism is increasingly important for Thailand given that its economic growth lags other Southeast Asian economies. Between 2012 and 2016, the number of Chinese visitors trebled to nearly a third of all Thailand's tourists by numbers and revenue.

But a crackdown on "zero-dollar" package tours in September sent that into reverse with little sign of recovery ahead of the Lunar New Year holiday Jan 28 to Feb 2. The D Land Holiday Co Ltd caters to Chinese tourists. Bookings are only 300 for the Lunar New Year compared to 800 last year, its owner said. "It's the crackdown," Ruengdet Amornetphakdee told Reuters.

Other hotel groups, including Central Plaza

Hotel Pcl, said Chinese bookings had fallen. Tristar Floating Restaurant Co. Ltd. has six cruise ships for Chinese visitors - now it operates only one.

Thailand's tourism authority expects a 7.7 percent drop in Chinese tourists for the Lunar New Year this year, though offset by a 3.9 percent rise in tourists from elsewhere, and it sees Chinese tourist numbers rising back during 2017.

Zero-dollar tourists pay everything up front. Operators cut any cost they can while tourists are sometimes cajoled into buying over-priced souvenirs so the company earns a commission. Those are the practices Thailand wants to stop.

But the government's insistence on a minimum 1,000 baht (\$28) per night charge for package tourists had made Thailand uncompetitive for many Chinese visitors, tour operators say.

"We weren't prepared for this," Chanapan Kaewklachaiyawuth, secretary-general of Thai-

Chinese Tourism Alliance Association told Reuters.

Chinese tourist numbers fell 30 percent in November from the year before to the lowest monthly total in more than two years. At least part of that drop-off was due to a one-month mourning period following the Oct. 13th death of King Bhumibol Adulyadej, tour operators say.

Thailand nonetheless forecasts that Chinese tourist numbers will recover to reach nine million by the end of 2017 to just top last year's total.

By targeting wealthier Chinese travellers, revenue from China will increase over 14 percent this year to around 500 billion baht, according to Tourism Authority of Thailand Governor Yuthasak Supasorn.

"It's certainly a change, but Thai operators are able to adapt," he told Reuters.

Overall, Thailand expects growth in tourist revenue of 8.5 percent to nearly \$50 billion - more than double the overall economic growth rate forecast.

Although Chinese visitor numbers have fallen, the number of travellers from elsewhere has continued to rise. Central Plaza said increased bookings from Russia had helped despite Chinese cancellations.

Tristar Floating Restaurant Co., Ltd. is looking to new markets in Southeast Asia such as Indonesia, Vietnam, the Philippines and Myanmar, company president Vichai Tanasapanant told Reuters television.

"Cheap packages don't yield high income and businesses will need to adapt," said Thanavath Phonvichai, an economics professor at University of Thai Chamber of Commerce. "It will gradually improve."

For those whose livelihoods have been affected, improvement cannot come soon enough.

"My income has dropped 50 percent," complained Naruja Nakthong, a 27-year-old souvenir shop owner in the historic Thonburi area of Bangkok. "It might be good if we have tourists who spend more. They might shop and buy more stuff but I haven't seen them here yet."



REUTERS

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GOURMET BAZAR

Gourmet Bazar, a grocery store, started its operation in Dhaka yesterday on Gulshan North Avenue.

India's SpiceJet to seal \$10b deal with Boeing for 737 jets

REUTERS, Singapore/New Delhi

India's SpiceJet is set to seal an order for at least 90 new 737 jets from Boeing, two sources said on Thursday, as the low-cost carrier targets an expansion to tap into India's booming air travel market.

The announcement for the 737 MAX aircraft - which includes at least 42 of the narrowbody jets SpiceJet had previously agreed to buy from Boeing in 2014 - is expected as early as Friday when SpiceJet's chairman holds a press event in New Delhi, the sources, who were familiar with the mat-

ter, said. The sources declined to be identified ahead of Friday's press announcement.

An agreement with SpiceJet, which has a current fleet of 40 planes, would be a much-needed boost for Boeing in India, as its rival Airbus has won record-sized orders with IndiGo, India's biggest budget airline, as well as a recent deal with GoAir.

SpiceJet and Boeing did not immediately respond to requests for comment.

India is the world's fastest growing aviation market, showing double-digit growth in annual passenger numbers thanks to low prices and rising disposable incomes.

Uniqlo operator profit jumps on bargain-shopper focus

AFP, Tokyo

Uniqlo's parent company said Thursday that quarterly net profit jumped by almost half from a year ago, as it refocused on a strategy aimed at luring thrifty shoppers.

Fast Retailing's net profit rose 45 percent to 70 billion yen (\$609 million) in the fiscal first quarter to November, while revenue edged up 1.6 percent to 529 billion yen.

Asia's biggest retailer -- a rival of Zara, Gap and H&M -- said sales were under pressure in September and October owing to "unseasonably warm weather".

But "once temperatures dropped in November, same-store sales picked up", it said in a statement, referring to locations that have been open more than a year.

"This is pretty much in line with expectations, but the focus should still be on the second quarter," Mike Allen, an analyst at Macquarie Capital in Tokyo, told Bloomberg News.

"They've recently had some trouble with revenue and there's still a lot of uncertainty about what happens going forward."

The results come after Fast Retailing chairman Tadashi Yanai conceded last year that an ill-fated price rise had been a mistake that hurt sales.

In October, Yanai backed off his ambitious annual revenue goal -- 5.0 trillion yen by 2020 -- as the company reported fiscal year net profit had more than halved to 48 billion yen.

It blamed the decline mostly on a rally in the yen, which shrinks the value of Japanese firms' repatriated profits.

Expenses linked to closing locations in the United States and at home also ate into the bottom line, the firm had said.

On Thursday, the company left unchanged its annual forecast for a 100 billion yen net profit on revenue of 1.85 trillion yen.

Britain's M&S beats forecasts with clothing growth

REUTERS, London

Marks & Spencer (M&S) soundly beat forecasts for Christmas trading with its first quarterly rise in clothing and homeware sales in nearly two years, delivering a welcome boost for new boss Steve Rowe.

After taking the helm in April, Rowe instigated the latest in a long line of M&S recovery strategies, focusing on turning around the underperforming clothing and homewares business, and was rewarded on Thursday with an unexpected 2.3 percent jump in the division's like-for-like sales in the 13 weeks to Dec. 31.

That beat market expectations of a slender rise of up to 0.2 percent, while food sales also beat forecasts. Food was up 0.6 percent, against predictions of a slight fall.

Chief Executive Rowe said that M&S had a "good" Christmas and that customers looking for clothes had responded to its "better ranges, better availability and better prices".

"We saw full-price increases in every single clothing division," Rowe said, adding that it was the first time the 133-year-old company had gained market share in the full-price clothing market for about seven years.

The food operation, meanwhile, benefited from customers' preference for premium products at Christmas, Row said.

"(That) played to our strengths as we continued to focus on special and different



REUTERS/FILE

The logo of Marks & Spencer is seen in front of a store in Paris, France.

products, growing our business in a tough market," he added.

M&S shares rose by as much as 6 percent to a six-month high after Thursday's update and were still up by nearly 2 percent at close to 347 pence at 0954 GMT.

Shore Capital analyst Clive Black acknowledged the "very welcome" improvement in clothing sales, but added:

"This early win needs to become a trend for the stock to fulfil its undoubted potential."

Rowe's strategy focuses on simplifying product ranges, improving quality and pricing, with fewer discounted products.

"We have been listening to customers very carefully, making sure our merchandise is appropriate, getting those wardrobe essentials right (...) and it's worked," he

told reporters on Thursday.

He said that children's clothes, cashmere and lambswool jumpers and lingerie -- traditional M&S strengths -- sold well.

A buoyant Christmas for M&S was in contrast with a miserable season at Next, its closest rival in clothes and homeware.

Next, which has outperformed M&S for more than a decade, said on Jan. 4 that full-price sales in stores fell by 3.5 percent in the run-up to Christmas.

M&S said that customers traded up in festive food, treating themselves to more than 100,00 of its chocolate pine cones in the last days before Christmas, while sales of premium turkeys jumped by 11 percent.

Its numbers were helped by the timing of the period, with an additional five days of the busy post-Christmas sale falling into the quarter.

It estimated that timing had a positive effect of about 1.5 percent on clothing and homeware sales and about 0.3 percent on food.

Rowe remained cautious on the retailer's outlook, saying that fourth-quarter numbers would be adversely hit by the timing that helped the third quarter, as well as a later Easter, but the company's full-year guidance remained unchanged.

Analysts expect M&S to report full-year pretax profit of 593 million pounds (\$726 million) for the year to March 31, down from 690 million pounds in 2015-16.

China banks extend record 12.65tr yuan in new loans in 2016

REUTERS

Chinese banks extended a record 12.56 trillion yuan (\$1.82 trillion) of loans in 2016 as the government encouraged more credit-fueled stimulus to meet its economic growth target, despite worries about the risks from an explosive jump in debt.

China's top leaders pledged after a key meeting last month to stem the growth of asset bubbles in 2017 and place greater importance on the prevention of financial risk, while keeping a "prudent and neutral" monetary policy.

But in December alone, Chinese banks extended 1.04 trillion yuan in net new yuan loans, far more than expected and lifting the yearly total well above the previous all-time high set in 2015.

Analysts polled by Reuters had expected December new lending



REUTERS

People walk past the headquarters of the People's Bank of China.

would fall to 700 billion yuan from November's 794.6 billion yuan.

New bank loans last year surpassed the levels of China's massive credit-led stimulus during the

global financial crisis in 2009, according to Reuters calculations based on central bank data. The total was some 8 percent above the previous all-time high of 11.72

trillion yuan in 2015.

Lending continued to be driven heavily by robust mortgage growth despite a slew of measures rolled out by local governments late in 2016 to cool sizzling housing prices and contain property bubbles.

Household loans accounted for 50 percent of total new yuan loans in 2016, while corporate loans accounted for 48 percent.

Medium-to-long-term loans accounted for 78 percent of total new loans, while short-term loans accounted for 11 percent.

Broad M2 money supply (M2) grew 11.3 percent from a year earlier, central bank data showed on Thursday, missing forecasts.

Outstanding yuan loans ticked up by 13.5 percent by month-end on an annual basis. Outstanding loans had been expected to rise 13.1 percent while money supply was seen up 11.5 percent.

Amazon halts sales of Indian flag doormat after visa threat

REUTERS, Mumbai

Amazon.com removed doormats resembling the Indian tri-colour flag from its Canadian website on Wednesday, after an Indian government threat to rescind visas of the U.S. company's employees if they did not stop selling the product.

"Amazon must tender unconditional apology," external affairs minister Sushma Swaraj said on Twitter. "They must withdraw all products insulting our national flag immediately."

"If this is not done forthwith, we will not grant Indian Visa to any Amazon official," she added. "We will also rescind the Visas issued earlier."

The doormat, sold by a third-party on Amazon's Canadian portal, was taken down late on Wednesday. "The item is no longer available for sale on the site," a spokeswoman for Amazon said in an email.

Amazon's portal in Canada sells doormats fashioned around other national flags, but under Indian law any desecration of its flag is punishable with fines and

imprisonment.

Amazon's official support account on Twitter had earlier responded to angry user comments on Twitter by saying the mats were not being sold on their Indian portal and the concerns had been escalated.

Swaraj tweeted that she had asked the Indian High Commission in Canada to take up the issue with Amazon, after it was brought to her attention by a Twitter user from India's financial capital of Mumbai.

Swaraj is a prolific user of the social media website and often responds to tweets directed at her. Amazon is making a huge bet on India and has vowed to invest more than \$5 billion as it takes on home-grown Flipkart and Snapdeal for a bigger share of the world's fastest growing internet services market.

In an event attended by premier Narendra Modi in Washington last year, Amazon Chief Executive Jeff Bezos said India was the company's fastest growing region.