Booming economy brought InterContinental back

A top official of the British hospitality group comments on Bangladesh market

MUHAMMAD ZAHIDUL ISLAM

STEADY economic growth of Bangladesh has inspired InterContinental to come back to Dhaka after a break of 35 years, said a top official of the British multinational hospitality company.

"InterContinental had to return to Dhaka as more of its regular customers are getting interested to visit the country."

Pascal Gauvin, managing director for India, Middle East and Africa at InterContinental Hotels Group (IHG), shared the info during an interview with The Daily Star.

Bangladesh has been growing at over 6.5 percent in the last decade and achieved 7.86 percent GDP growth in 2017-18.

"Bangladesh's economy is growing rapidly and it is really important for us to be in cities that have such high growth. We need to grow in markets where our guests want to go," he said.

InterContinental now has operations in all important cities in South East Asia, he said.

IHG opened Bangladesh's first five-star hotel in Dhaka in 1966 and left the capital in 1983. After that, Sheraton took over.

Sheraton's contract ended in December 2008 but the government requested it to continue the operations until April 30, 2011 for the ICC Cricket World Cup.

Starwood, the parent company of Sheraton, gave Bangladesh Services Ltd a conditional extension offer in 2009, but there was a disagreement between the two parties over the renovation cost and the fate of the employees.

Pascal Gauvin

Eventually, Bangladesh Services Ltd took over the hotel's operations, renaming it to Ruposhi Bangla Hotel.

It took four years for the government to complete the renovation of the Dhaka hotel at a cost of $65 million before handing it over to InterContinental.

This time, InterContinental has signed a 30-year agreement with the government, Gauvin said.

"The deal was signed in 2012 but the time count started on December 1 in 2018."

InterContinental will run the venture following a profit sharing model. "We will get 8 to 10 percent of the profit depending on the value of the gross profit."

IHG is a very strong brand across the globe and they have the target to be the best hotel in Bangladesh, he said.

"InterContinental had also been a part of Bangladesh's Liberation War history. The hotel has been the only neutral venue then," said Gauvin who has over 36 years of experience in the hotel management industry.

"Now we want to touch a new horizon with our impeccable and best-in-class hospitality services in the country," Gauvin said during his visit to Dhaka in the first week of December at the opening of InterContinental Dhaka.

"Foreign guests will be our main target. Inviting the world in this hotel along with keeping an eye on the local market will be our goal. We will give extra efforts to accommodate government programmes here."

The hotel now has big accommodations -- more than 1,000 guests can sit in the Ruposhi Bangla ballroom, he said. "The hotel also has some other comfortable meeting rooms."

InterContinental Hotels and Resorts currently has 200 hotels in the world with InterContinental Dhaka being the 199th hotel of the group and InterContinental Shanghai Wonderland the 200th.

There are 34 InterContinental hotels in India, Middle East and Africa, Gauvin said.

"Our foreign and local guests would love to come and stay here as InterContinental Dhaka is the group's one of the most attractive hotels in the region thanks to its modern architecture and design."

Renovating a hotel of this size is more complex than building a new one, said Gauvin.

"It took four years to renovate. I am sure it would take less time if we had built a new hotel. I am very impressed with the quality of the new hotel. It's really a great hotel we have."

The size of the hotel's rooms has become bigger, but the number of rooms has declined, he said. "Now we have 226 rooms, including 25 suites, down from 271 before the renovation."

The 70-year-old group—mainly a leader in South and North America—keeps eyes on its competitors in Dhaka and also looks forward to expand its business in other cities of Bangladesh, he said.

"We love to grow in other big cities with the right partner."

The group headquartered at Denham in Buckinghamshire has different brands like Regent, Crowne Plaza, Holiday Inn, Holiday Inn Express and lifestyle brands like hotel Indigo.

"As we have anchored in Bangladesh, the new hotel will help us understand and take decision for the market faster," he said.

The other brands of InterContinental can also come to Bangladesh and complement each other, he said.

UK retail sector axed 150,000 jobs in 2018

AFP, *London*

TROUBLED UK high-street retailers shed almost 150,000 jobs this year, hit by high business property taxation, flagging growth and rising online sales, a study showed Monday.

Some 148,132 jobs were axed as 20,000 shops and restaurants closed, according to Britain's Press Association news agency which published data from the Centre for Retail Research (CRR).

And more gloom is forecast next year as retailers continue to struggle in anticipation of Britain's departure from the European Union.

"While parliament is obsessed with Brexit, business rates and low growth are killing the high street," said Professor Joshua Bamfield, who is director of the CRR consultancy.

"We feel that 2019 is going to be a repeat of these dire figures unless or until the government takes action to provide a level playing field for both online retailers and the high street."

This year, a string of major British retailers fell victim to fierce online competition, rising business taxes and stretched household budgets -- all coming amid Brexit uncertainty.

One major casualty, British budget chain Poundworld, collapsed earlier this year with the loss of some 5,100 jobs.

Department store chain Debenhams meanwhile decided to shut about one third of its shops. That came after its UK rival House of Fraser was rescued from collapse having been bought by retailer Sports Direct.

Property specialist Altus Group argues that rising business rates -- a taxation which is levied on non-domestic property use -- have piled on pressure.

Despite the gloom, official data showed last week that retail sales rebounded in November as shoppers bagged Black Friday bargains.

Sales jumped 1.4 percent compared to October, the Office for National Statistics calculated, with non-food items helped by heavy price discounts.

But the outlook for consumers is weak. Consumer confidence dived to a five-year low in December, according to a GfK survey published last Friday.

"Consumer surveys show that people are not feeling confident about the future, despite an increase in wages," said Stephen Beer, chief investment officer at Epworth Investment Management. "This is partly due to interest rates going up and the mood music from the Bank of England." The central bank last week froze its main lending rate at 0.75 percent faced with "intensified Brexit uncertainties".

Top Trump official calls bankers, will convene 'Plunge Protection Team'

REUTERS, *Washington*

US President Donald Trump's Treasury secretary called top US bankers on Sunday amid an ongoing rout on Wall Street and made plans to convene a group of officials known as the "Plunge Protection Team."

US stocks have fallen sharply in recent weeks on concerns over slowing economic growth, with the S&P 500 index on pace for its biggest percentage decline in December since the Great Depression.

"Today I convened individual calls with the CEOs of the nation's six largest banks," Treasury Secretary Steven Mnuchin said on Twitter shortly before financial markets were due to open in Asia.

US equity index futures dropped late on Sunday as electronic trading resumed to kick off a holiday-shortened week. In early trading, the benchmark S&P 500's e-mini futures contract ESv1 was off by about a quarter of a percent.

The Treasury said in a statement that Mnuchin talked with the chief executives of Bank of America, Citi, Goldman Sachs, JP Morgan Chase, Morgan Stanley and Wells Fargo.

"The CEOs confirmed that they have ample liquidity available for lending," the Treasury said.

Mnuchin "also confirmed that they have not experienced any clearance or margin issues and that the markets continue to function properly," the Treasury said.

Mnuchin's calls to the bankers came amid a partial government shutdown that began on Saturday following an impasse in Congress over Trump's demand for more funds for a wall on the border with Mexico. Financing for about a quarter of federal government programs expired at midnight on Friday and the shutdown could continue to Jan. 3.

The Treasury said Mnuchin will convene a call on Monday with the president's Working Group on Financial Markets, which includes Washington's main stewards of the US financial system and is sometimes referred to as the "Plunge Protection Team."

The group, which was also convened in 2009 during the latter stage of the financial crisis, includes officials from the Federal Reserve as well as the Securities and Exchange Commission.

Wall Street is also closely following reports that Trump has privately discussed the possibility of firing Federal Reserve Chairman Jerome Powell. Mnuchin said on Saturday Trump told him he had "never suggested firing" Powell.

Trump has criticized the US central bank for raising interest rates this year, which could further dampen economic growth. The Fed's independence is seen as a pillar of the US financial system.

Mnuchin's calls come as a range of asset classes have suffered steep losses.

In December alone, the S&P 500 .SPX is down nearly 12.5 percent, while the Nasdaq Composite .IXIC has slumped 13.6 percent. The Nasdaq is now in a bear market, having declined nearly 22 percent from its record high in late August, and the S&P is not far off that level.

REUTERS/FILE

US Treasury Secretary Steven Mnuchin speaks during his interview with Reuters.

China to remove some import, export tariffs

REUTERS, *Beijing*

CHINA plans to remove import and export tariffs in 2019 on a range of goods, including import taxes on alternative meals used in animal feed, to secure supplies of raw materials amid trade tensions with the United States and boosting outbound cargoes.

Import tariffs on so-called alternative meals, which include rapeseed meal, cotton meal, sunflower meal and palm meal, will be removed from Jan. 1, 2019, the finance ministry said in a statement on its website on Monday.

China's trade war with the United States has unsettled the global soy market after China virtually stopped all imports of US soybeans after the imposition of additional 25 percent tariffs in July.

While China has resumed some purchases of US soybeans, the tariffs on the oilseed from America remain in place, and the removal of tariffs on alternative meals could help improve the reliability of supply of animal feed meal in China, analysts said.

"This is basically getting ready for a rainy day, as commercial purchases of US soybeans haven't kicked off and so far it's been just the state-owned firms that have done the buying," said Monica Tu, analyst with Shanghai JC Intelligence Co. Ltd.

"Though the volume of alternative meal imports is not that huge, they can substitute soy. (The tax removal) is basically offering end users more options," Tu said.

The United States is the second-largest soybean supplier to China and that component of the trade between the countries was worth $12 billion in 2017.

China brings in soybeans to crush into meal for animal feed and cooking oil. The country has the world's largest pig herd.

Beijing had previously sought ways to cut protein levels in animal feed and import more alternative meals, to reduce its reliance on US soybean shipments.

REUTERS/FILE

Cranes unload iron ore from a ship at a port in China.

The most active rapeseed meal futures traded on Zhengzhou Commodity Exchange, for delivery in May CRSMK9, slid nearly 3 percent to 2,113 yuan ($306.26) per tonne on the news.

China's soymeal futures DSMcv1 and soybean futures DSAcv1 also fell 1.3 percent and 1.6 percent, respectively.

Import tariffs on materials of some pharmaceutical goods will also be cut to zero, according to the finance ministry.

To boost overall imports, China also reduced the amount of items taxed on a list of temporary import tariffs to slightly more than 700, the ministry said, from more than 900 items.

China will also maintain relatively low import tariffs for aircraft engines, at 1 percent, to help grow its indigenous plane-making industry.

Cranes unload imported iron ore from a ship amid snow at the iron ore terminal of Qingdao port in Shandong province, China December 11, 2018. REUTERS/Stringer

For exports, China will not levy any tariffs on 94 products next year including fertilisers, iron ore, slag, coal tar and wood pulp.

It will also further cut most-favoured-nation tariffs on 298 information technology products from July 2019. The statement did not give details.

China's economic growth slowed to 6.5 percent in the third quarter, the weakest pace since the global financial crisis and is expected to slow further next year amid the trade war with the United States.

Elon Musk says Tesla to pay customers for missed tax credits

REUTERS

TESLA Inc chief executive Elon Musk said the electric car company will reimburse customers if delays to car deliveries cause them to miss out on a significant tax credit.

Under a major tax overhaul passed by the Republican-controlled US Congress late last year, incentives in the way of tax credits that lower the cost of electric vehicles are available for the first 200,000 such vehicles sold by an automaker. The tax credit is then reduced by 50 percent every six months until it phases out.

Earlier this year, Tesla said orders for cars placed by Oct. 15 would be eligible for the full tax credit of $7,500 and that customers would receive their cars by the end of the year. From Jan. 1, 2019, the tax credit drops to $3,750.

Elon Musk

With only a few days of 2018 remaining, some customers still waiting for their vehicles have used social media to complain about the delays and what they called a lack of communication by the company.

Responding on Saturday to a Twitter user who asked what will happen if cars did not arrive in time, Musk replied: "If Tesla committed delivery & customer made good faith efforts to receive before year end, Tesla will cover the tax credit difference."

Also on Saturday, Musk said on Twitter that the company should have all orders for the mid-range Model 3 - a mass-market sedan that Tesla hopes is its key to success - delivered by the end of the year.