

Unrest in country pushes int'l hotel trade into worst slump

The continuing political unrest in Bangladesh that kept foreign visitors at a bay has pushed business of the capital's international hotels into the worst slump, reports UNB. Management sources at both Sonargaon Pan Pacific and ITT Sheraton said they were desperately trying to cut expenditures amid falling sales.

Staff members at the two five-star hotels were being sent to enjoy their outstanding leaves and many outlets were closed.

"We have planned to run on

a skeleton staff at the moment," said a senior sales executive of the Hotel Sonargaon which saw its room occupancy falling to below nine per cent.

Occupancy at ITT Sheraton dropped to about 25 per cent, forcing the management to resort to a similar "forced leave" strategy.

Months between January and April are usually considered as the peak season for hotel business when room occupancy remains at around 70 per cent.

Two of three restaurants at Sonargaon — Kawran Sarai and

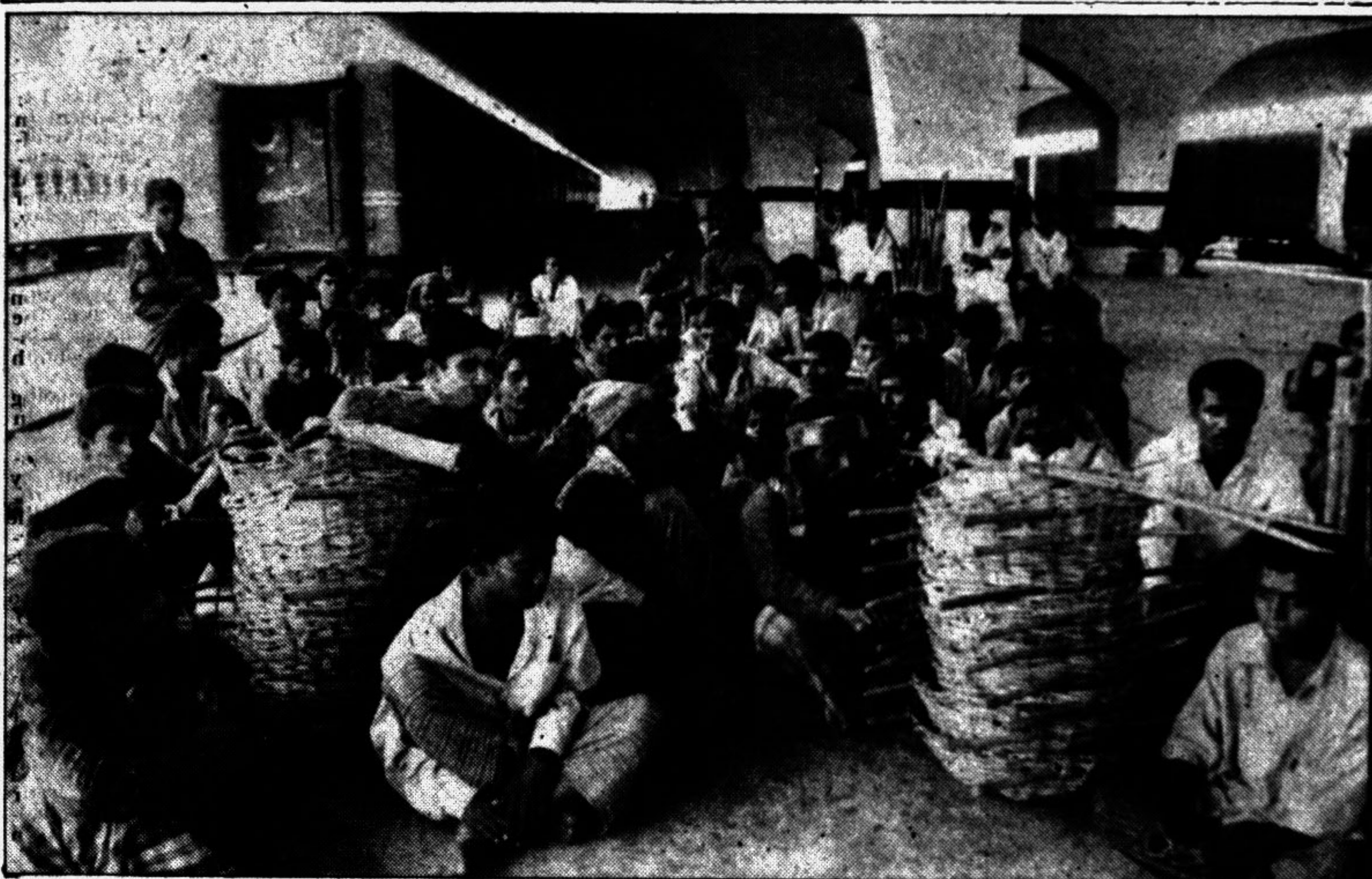
Jhanna — have been closed along with the pastry shop and laundry shop.

Vintage restaurant at Sheraton has also been closed while two other restaurants — Bithika and Poolside Cafe — are running but with "least number" of guests, said a hotel executive.

Foreign visitors representing different donor governments and international agencies as well as foreign buyers, mostly the garment buyers, are the major customers of the international hotels in Dhaka.

With political crisis mounting in Bangladesh, diplomatic missions, international NGOs and agencies were advising their headquarters not to send any delegation to Dhaka for the time being, resulting in dwindling customers for the hotels. Some garment buyers were reportedly avoiding Dhaka.

The managements of the international hotels appeared worried as to how would to strike a balance between their high maintenance cost and falling revenues if the country's political unrest continues unabated.



Labourers are seen stranded at the Kamalapur Railway Station in the city yesterday, the fifth day of the indefinite non-cooperation programme called by the major opposition political parties. — Star photo

Pak EPB branch in Dhaka soon

The Pakistan Export Promotion Bureau will open its branch in Dhaka shortly, officials told South Asian News Agency here yesterday.

The branch will exhibit products of over 400 Pakistani companies in the Bangladesh capital.

Abdullah, who is the Chairman of the Pakistan Export Promotion Bureau, will arrive in the city to inaugurate the branch of the bureau.

Commerce Minister M. Shamsool Islam, Chairman of the Bangladesh Export Promotion Bureau and other senior officials are expected to attend the inauguration function.

Mia Habibullah enjoys the status of a State Minister in the cabinet of Prime Minister Benazir Bhutto.

Bangladesh enjoys better terms of trade with Pakistan, officials informed SANA.

Dixit for early solution to Nepal's proposal for route thru West Bengal

NEW DELHI, Mar 13: J N Dixit, a former Indian Foreign Secretary, has pleaded for early solution of Nepal's request for additional trade routes through West Bengal to Bangladesh, reports BSS.

Dixit said in his column in the Indian Express yesterday, our approach should be to strengthen the economies of both Bangladesh and Nepal for our mutual benefits.

He said given the inadequacies of the ports of Diamond Harbour and Haldia, Nepal's desire for additional exit points to the sea is legitimate.

Referring to the arguments related to security and prevention of smuggling in objecting to this request, he felt this has only semantic validity. "The bottom line is that goods from Bangladesh and Nepal will transit through India and we should have sufficient self confidence to manage this legitimate economic activities by our neighbours in a manner which does not affect our economic interests."

Pleading for extending co-operation towards economic progress of Bangladesh and Nepal, the former Indian foreign secretary said, "We must be as responsive as we can to Nepal's trade and transit requirements."

As regards the alleged use of Nepalese territory as a base for subversive activities against India in recent years despite the Nepalese government being fully cooperative with India, he said, "A point to remember is that these subversive activities have been undertaken not only by secessionist elements from the north-east of India, but even by militants from Kashmir and Punjab."

US House passes bill cutting foreign affairs budget

WASHINGTON, Mar 13: The House passed a bill Tuesday directing the State Department to spend fewer taxpayer dollars overseas and ordering President Clinton to eliminate at least one major foreign affairs agency, reports AP.

The focus of a year-long struggle between Republican Senator Jesse Helms and Clinton's administration, the bill is a compromise worked out in House-Senate negotiations last week.

After passing the House by a 226-172, largely party line vote, it goes to the Senate. The White House says Clinton will veto the bill as congressional infringement upon the president's foreign policy authority.

Helms, Chairman of the Senate Foreign Relations Committee, has held up legislative action on diplomatic nominations and treaties for months in his effort to break administration opposition to his plan to reorganize the State Department and eliminate three independent agencies.

Helms said 1.8 billion dol-

lars could be saved if the functions of the Agency for International Development, the United States Information Agency and the Arms Control and Disarmament Agency were incorporated in the State Department.

Under the compromise worked out last week, Clinton must abolish one of the three agencies.

In another attempt to make the bill more palatable to the White House, House-Senate negotiators dropped language that would have denied foreign aid money to any family planning group involved with abortion.

Democrats said the bill was still unacceptable.

The bill authorizes 13 billion dollars over fiscal years 1996 and 1997 for the State Department and related agencies, a 500 million dollars cut from present levels. Targeted for the reduced spending are US payments to international organizations and peacekeeping abroad.

The legislation provides full

funding for Israel and Egypt and authorizes 426 million dollars over two years to fight the international narcotics trade. It also meets the administration request of 435 million dollars over two years for the Peace Corps.

Responding to recent tensions with China, it authorizes the United States to provide defence material Taiwan needs to defend itself and initiates regular broadcasts of Radio Free Asia into China.

But the compromise omits language in the original House-passed bill that would have required the secretary of state to establish a special envoy to Tibet, saying instead only that such an appointment is permitted. China's sovereignty over Tibet is recognized by the United States and all other major nations.

In a provision aimed at Turkey's blockade of Armenia, the bill bars US aid to nations that block delivery of US humanitarian aid.

Taiwan to boost imports from China despite military threats

TAIPEI, Mar 13: Taiwan is to boost imports from China as scheduled despite the mainland's military threats against the nationalist island, trade officials here said yesterday, according to AFP.

Economic authorities are finalising a list expanding the number of imported goods allowed from the mainland from 2,920 at present to 4,000, which amounts to 53.5 per cent of total imported items, the officials said.

The liberalisation is part of an effort to lower the production costs of local manufacturers and beef up their international competitiveness.

The measure will take effect at the end of June as planned, they said.

Economy Minister Chiang Pin-Kung said Tuesday the exercises are creating a short-term crisis intended to influence the presidential elections. In the face of this psychological offensive, we should hold fast to prevent damage to the local economy."

Two-way commerce between China and Taiwan was a record 20.99 billion US dollars in 1995, a 27.1 per cent jump over the previous year. Imports from the mainland grew 66.3 per cent to 3.09 billion dollars while exports grew 22.1 per cent to 17.9 billion dollars.

Israel's blockade affects Palestinian business

RAMALLAH, West Bank, Mar 13: Palestinian businessmen warned yesterday, that Israel's blockade of the territories had pushed the local economy to the brink of collapse, with potentially disastrous consequences for Palestinians and Israelis alike, reports AFP.

Two weeks after Israel sealed off the West Bank and Gaza Strip in response to a wave of suicide bombings by Palestinian radicals, entrepreneurs and economists said Palestinian business activity had shrunk 60 to 70 per cent.

Hassan Sharakhah, a Ramallah trade union leader, estimated that unemployment in the territories under the closure had hit 78 per cent, compared to around 20 per cent normally.

"The problem today is not just workers who can't get into Israel, but whole institutions and factories which cannot function anymore," said Samir Abdallah, an economic analyst in this West Bank financial centre.

Abdallah estimated that overall economic output in the West Bank and Gaza Strip had plummeted 60 per cent as a result of the Israeli closure, under which residents are prevented from leaving their towns and villages and most trade between the territories and Israel has been choked off.

"Almost everything is paralyzed. The local economy cannot sustain such a situation for another two weeks," Abdallah said.

Suhel Jarar, Manager of the Arab Bank in Ramallah, the biggest bank operating in territories, said his company's activity was down 70 per cent.

"On a daily basis we were running 2,000 movements before the closure and now it is only 200 to 300," he said.

"There is no commercial movement anymore, people are withdrawing money but not making deposits. We have a very dangerous shortage of cash," he said.

"It's a very, very bad situation and I don't see how the people can take it any longer," Mohammad Masruji, who owns a group of companies that includes Al Quds medical supplies factory, complained that fewer than 50 of his 140 employees had been able to get to work because of the Israeli crackdown.

"Our sales have dropped almost two thirds and there is no production at all," he said.

"For the first time the Israelis are not allowing US to distribute our medicine inside the territories. Even during the intifada and the Gulf War we were able to do it."

Factory owners tell The Daily Star Garments sector to bear the brunt of political imbroglio

The garment factory owners observe that unless a long-term solution on the political crisis is reached immediately, the country's garments sector would be worst victim of the turmoil situation.

A group of factory owners while talking to The Daily Star expressed their fears and frustration that the garments sector might not be able to stand up as huge damage has already been sustained by this sector due to political instability.

Owner of Hi-Fashion Woven and Knit Wear Maj (ret'd) Hashmi Mustafa Kamal said that he incurred a loss of Tk 50 lakh during last six or seven months due to delay in delivery of his products to foreign buyers.

The delays were invariably caused by hartal programmes and congestion at the Chittagong Port.

"Two of my buyers last week told me over fax that they were no longer interested in dealing with me or any other factories in Bangladesh because they can't rely on the schedule of my delivery," Hashmi told The Daily Star.

"I am deeply concerned with two problems. Firstly, I have to depend on the import of raw materials but the import has totally stopped because of the hartals and non-cooperation programmes. Secondly, I

can not export the garments I have already produced."

He said that he had despatched his last delivery of 1000 dozens of Grameen Check shirts from Dhaka last Thursday. But that consignment is still stuck at the Chittagong Port. Because of the inevitable delay, his French buyers are now asking for discount which would only add to his loss.

"On a makeshift basis and to continue my business relationship, I was compelled to spend a dozen times more on sending some small consignments by air," Hashmi noted.

"My business is on its verge of ruins. Now I am struggling for its survival," he added.

Zakiuddin Parvez of Azizuddin Garments Ltd considers himself "doomed" with delivery of consignment worth 3,50,000 US dollars by March 15.

"I have finished garments in cartons stranded because of lack of transport and stagnation at the port. Eighty per cent garments are for the summer market in Europe. If I fail to ship these within a few days, I will have a big stocklot," Parvez said.

"I have received three LCs amounting approximately 6,00,000 US dollars for shipment by June-July. I may not be able to send this consignment because the banks are now refusing to open these LCs as I have already a stocklot."

"On the other hand, I can't pay electric and telephone bills and workers' salary because the bank is not willing to cooperate with my company," Parvez lamented.

"To save my skin and to continue business with buyers, now I will have to airfreight — which is next to impossible because whatever we earn by exporting 10 orders — on single air freight will eat up the whole earning."

"Now it is our turn to give Hasina 24 hours to withdraw her programmes or she will face severe consequences. She fails to understand one thing that even if she wins and becomes Prime Minister, she will be a Prime Minister of a ruined Bangladesh," Parvez regretted.

MA Bashar of Amber Apparels and Textiles Ltd, which is a composite project having an investment of Tk 10 crore of which Tk 6 crore are bank loans, is stuck with delivery of garments worth 1.5 million US dollars.

"Everyday, I have to ensure bank's interest of about Tk 25,000. Every month the wages of my workers stand at Tk 8 to 9 lakh. Since I started this project in July '94 I am exporting garments worth Tk 1.25 crore per month on average," Bashar said.

"The present orders worth 1.5 million US dollar will have to be delivered by April 30. I got these orders last September. Now my buyers want to cancel these deals. They are no more interested in any deals with me," Bashar pointed out.

"Now I have got only 48 hours to answer them back on the export situation. If these deals go off, I will have to lay off my industry."

Bashar spent a fortune on exporting his consignments by air instead of sea. But even spending more fortune on air freighting will not save his deal if the port is not exempted from the non-cooperation because the airways carry a very small amount of consignment compared to shipping.

Mahmood Siddiqui of Trade Focus Ltd, Dux Textile Mills Ltd annually exports worth Tk 12 crores from only two units to USA and Canada. He has stopped receiving new orders from last month while his exports sharply dropped to a level of Tk 2 to 3 crore.

"Two of my containers are stuck at the port and two others at the outer anchorage. Meanwhile, to save my face to the exporters, I have spent an additional 8,000 US dollars in air freight during last month," he said.

Cargo handling at Mongla normal

The cargo handling activities at Mongla maritime port were normal yesterday, reports BSS.

Sixty-eight stevedoring and dock labourer gangs performed the cargo handling activities at ships in the first shift.

About 12,213 metric tons of goods were handled at Mongla port while 185 metric tons of goods were handled at Benapole land port Monday. Attendance of officials and employees at the ports were normal.

Meanwhile, passenger launches from Sadarghat to different destinations plied normally yesterday.

China's foreign trade volume rises

SHANGHAI, Mar 13: China's foreign trade volume in this year's first two months rose 13.9 per cent from the same period of 1995, reaching 36.1 billion dollars.

Exports fell 1.3 per cent from a year earlier to 17.83 billion dollars, while imports climbed 34.1 per cent to 18.27 billion dollars, according to customs statistics reported Wednesday by the China Securities News.

The trade balance tipped into a deficit of 440 million dollars by the end of the February from a surplus of 4.44 billion dollars a year earlier, the newspaper reported.

The paper didn't explain why the two months were covered together, but the Chinese Lunar New Year holiday likely slowed economic activity during February.

Almost half of total trade during the period was done by foreign-invested companies.

China's special economic zones reported 4.3 billion dollars of trade during the two-month period, an increase of 3.4 per cent but significantly below the national average, which suggests the allure of the zones is fading.

The zones have enjoyed special financial incentives, such as tax breaks, to encourage investment. But authorities have indicated that they plan to end those advantages to encourage investment in more backward central and western parts of the country.

New rice shipment to DPRK

ROME, Mar 13: A 6,500 tonne rice shipment left the port of Bangkok yesterday aboard a Chinese freighter to North Korea after last year's floods, the UN World Food Programme announced in Rome, according to AFP.

The consignment aboard the WFP-Chartered chengda was expected to dock in 10 to 12 days at the North Korean coast of Nampo.

A first 5,100 tonne rice consignment was delivered to North Korea in November, and the WFP is planning a third, 7,300 tonne, delivery in April.

At the beginning of the year the agency almost closed down its operation in the North Korean capital Pyongyang because of lack of sufficient response to calls for food relief.

Leather Assoc leaders seek solution to crisis

The leaders of two leather associations in separate statements urged the rival political parties to settle the long political stalemate immediately for saving the leather industry as well as the whole economy of the country.

President of Bangladesh Finished Leather and Leathergoods Exporters Association Mohammad Rahmat Ullah and President and General Secretary respectively of Bangladesh Hide and Skin Merchants Association Abdul Wahab and Ali Hossen in their separate statement said that the leather industry which had achieved a remarkable growth recently, is now on the verge of ruin due to hartal and non-cooperation programme of long political deadlocks.

They feared that the export

Oil giants warn of rampant output

LONDON, Mar 13: Influential oil producers, including world leading exporter Saudi Arabia, warned OPEC members to curb rampant output now or face a big oil price fall should Iraq make a quick return to world oil markets, reports Reuters.

Well-placed Gulf sources said Saudi Arabia, Kuwait and the UAE would not cut their own output but put it on hold between Iraq and the United Nations result in the appearance of oil exports from Iraq for the first time since it was hit by sanctions after it invaded Kuwait in 1990.

The sources said if all 12 members of the Organisation of Petroleum Exporting Countries (OPEC) abided by quotas world oil markets would "easily" absorb Iraqi oil without a price drop.

Gulf sources said they did not see why Saudi Arabia and other OPEC members who had consistently abided by quotas should make sacrifices and allow some members, namely Venezuela, to produce at will.

"It is impossible for others to cut when Venezuela and some others are totally ignoring quotas. If the price falls when Iraq comes back, Venezuela will be responsible," a Gulf source said.

Oil analysts say that though world oil demand is expected to rise sharply this year, it is doubtful that it can absorb Iraq's return and the current high OPEC overproduction without a drop in prices especially if it coincides with the second and third quarters when demand is seasonally weaker.

OPEC has not changed its 24.52 million barrel per day (BPD) ceiling since 1993 but chronic overproduction has pushed the collective total to the highest level since 1980.

According to a Reuters survey of industry officials and analysts, OPEC produced 26 million BPD in February with cash-strapped Venezuela and Nigeria being named as the biggest overproducers.

For the time being OPEC overproduction is being absorbed. However, the current level of oil prices fails to dislodge the potential for further

Europe, Central Asia attract \$ 27 b in capital investment

WASHINGTON, Mar 13: Export growth in Europe and Central Asia outstripped external debt in 1995, the World Bank said in a report here yesterday, according to AFP.

The two regions attracted 26.7 billion dollars in capital investment in 1995, when the external debt rose seven per cent to 380 billion dollars.

The debt-to-export ratio stood at 144.8 per cent in 1995, against 153.7 per cent a year earlier.

But the improvement was not shared equally, notably as Russia saw its ratio deteriorate. In Turkey, Hungary, Bulgaria and the Czech Republic most outside investment came from private sources.

Seventy-five per cent of the aid flowing into Poland, by contrast, came from institutions.

Overall, private capital flows increased 11 per cent in Europe and Central Asia while institutional transfers declined 16 per cent.

Direct foreign investment, attracted by privatisation programmes, was prominent in Kazakhstan, Uzbekistan and Hungary.

Plans to probe Brazil's central bank come to dead end

BRASILIA, Mar 13: Plans to launch a full-scale investigation into Brazil's central bank came to a dead end Tuesday, when one of the country's major political parties announced it would not take part in the inquiry, reports AP.

Jorge Bornhausen, president of the Liberal Front Party, said that his party would not appoint any members to the investigative committee expected to begin its probe later this month into the central bank's oversight powers.

Without the Liberal Party, the investigation could not go forward.

"All parties must be represented in an investigative committee," said Luis Claudio Brito, coordinator of Senate investigations. "If one party is absent, the committee cannot be formed and the investigation is called off."

Last week, the Senate approved the investigation after the central bank failed to detect irregular accounting procedures that a top commercial bank used to hide a multi-billion-dollar debt.

Stocks in Rio de Janeiro and Sao Paulo plunged after news of the probe. The government and many analysts feared an investigation would threaten the future of Brazil's economic stabilisation programme.

"An investigation would be bad for the country. It would destabilise the financial sector and ruin the economic stabilisation programme," Bornhausen said. "The Liberal Front Party will not support this."

He said leaders of two other major political parties recently told him they also would not appoint members to the investigative committee.

Stock markets did not react to Bornhausen's announcement.

EC lashes out at US

BRUSSELS, Mar 13: The European Commission lashed out at the United States on Tuesday as President Bill Clinton signed into law a bill aimed at effectively outlawing foreign investment in Cuba, reports Reuters.

"We remain resolutely opposed to this legislation. We reserve the right to act against it as and when we see fit," a commission spokesman said.

"We are still studying the effects of it on European operators. We are also looking at it with our partners," he said, adding that it would probably come up during trade commissioner Sir Leon Brittan's visit to Canada next week, the bill, drawn up by conservative Republican hardliners Jesse Helms and Dan Burton, was originally rejected by Clinton but he switched stance after Havana shot down two small planes flown by Cuban exiles it said were in its air space.