

Floods taking toll on tourism

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The floods are taking toll on Bangladesh's fledging tourism sector as occupancy rate in hotels and guest-houses drops.

"Floods have come as a blow to hospitality business. Usually, business remains dull during this period of the year. To make the situation worse, the floods have led to 30 percent drop in occupancy rate in hotels and guest-houses," said Sadique Ahsan, president of Bangladesh Hotel and Guest House Owners Association.

He said foreign tourists do not take pleasure trips during floods. However, he hopes that the occupancy rate will gradually increase when floodwaters start receding.

Hasan Mansur, managing director of The Guide Tours Ltd, a leading tour organiser, said the floods will add to the nation's perennial image problem as a disaster-prone country that affects tourism industry.

"It will take time to restore tourists' confidence. The bad image is a big problem for tourism growth," he said.

According to unofficial sources, some 5,000 foreign tourists visit Bangladesh a year who spend some \$1,000 each during their trips. Besides, about two lakh foreigners come to Bangladesh a year for business or other purposes.

Hotels are witnessing dull business as room occupancy rate drops. Dhaka's two five star hotels -- Dhaka Sheraton and Pan Pacific Sonargaon that largely depend on foreign guests for room occupancy -- are hit hard by the flood spell.

"The occupancy rate here is 65-70 percent but due to the floods the rate has come down by 5 percent. But we have little problem in reservation of programme venues as they are booked in long advance," an official of Pan Pacific Sonargaon told the newspaper seeking anonymity.

An official of Dhaka Sheraton Hotel

admitted the business fall due to the floods. He, however, declined to give detailed information about loss. Sheraton Hotel cancelled Malaysian Food Festival, which was due to be held from July 28 to August 3 due to the deluge.

Tour operators usually have little business during this period of the year. But they are now completely out of business as they suspend all tours to the Sundarbans, Rangamati, Bandarban and Sylhet due to the floods.

"Outbreak of water-borne diseases and damaged infrastructure will surely discourage them to visit Bangladesh in the next season," Faridul Haque, president of Bangladesh Tour Operators' Association, said.

The government's hospitality business arm, Bangladesh Parjatan Corporation (BPC), is suffering huge loss due to dull business. "Room occupancy usually remains low during this time of the year but the floods have just deteriorated the situation," an official of

BPC said. BPC runs 14 hotels and rest houses.

Abu Fazle Sobahani, general manager (Central Control) at Flight Operations Directorate of Biman, said Biman had to cancel about 20 flights during four days of suspension as floodwaters inundated runway of Sylhet MAG Osmani International Airport.

Though domestic flights resumed operation in July 23, international flights to Sylhet have remained suspended since July 19.

"Biman operates three to four domestic flights a day on average while three weekly flights from London and two from Saudi Arabia that connect Sylhet via Dhaka," he said.

Private GMG Airlines had to suspend 16 flights on Dhaka-Sylhet route when floodwaters entered Sylhet airport runway. "We suspended flights on July 19 and resumed with the evening flight from Sylhet on July 21. We are yet to estimate the loss due to the suspension," an official of GMG Airlines said.



A man catches a jackfruit when he and other vegetable and fruit traders on boats wait for customers near Bawani Mills at Demra in Dhaka as floodwaters have left little dry space in the area.

Fisons declares 200pc dividend

Aventis Group holds AGMs

Fisons (Bangladesh) Limited, a concern of Aventis Group, has declared 200 percent dividend for its shareholders for the year 2003.

The declaration was made at the annual general meetings (AGMs) of Aventis Group of Companies, a leading multinational pharmaceutical group in Bangladesh, comprising Aventis Limited, Fisons (Bangladesh) Limited and Hoechst Marion Roussel Limited in Dhaka on Wednesday, says a press release.

Chairman of Bangladesh Chemical Industries Corporation Maj Gen (Retd) Imamuz-Zaman Bir Bikram presided over the AGM of Aventis Ltd.

Chairman of the Board and Senior Director, Industrial Operations, Asia Pacific of Aventis Pharma International Michel R Lienard presided over the AGMs of Fisons and Hoechst.

GM Jainal Abedin Bhuiyan, deputy secretary, Ministry of Industries, Iftekharul Islam, managing director of the group, and M Tajdiquel Islam, director (Finance and IS), were also present at the meetings.

Aventis holds 6.2 percent market share in Bangladesh.

Soaring oil prices scorch world stock markets

AFP, London

Global stock markets recoiled Friday as oil prices shot to record high levels on worries about possible supply disruptions caused mainly by financial crisis at Russian oil giant Yukos, analysts said.

Oil prices reached a new record of 41.50 dollars per barrel in London and an historic peak of 44.77 dollars in New York in pre-opening electronic deals on Friday, even though OPEC president Purnomo Yusgiantoro said the cartel was prepared to increase output to help to cool the market.

London's Brent North Sea crude oil for September delivery later traded at 41.15 dollars in early deals.

European stock markets meanwhile tumbled in trading in the wake of heavy falls on Wall Street and losses in Asia, caused by the surge in oil prices which analysts warned threatens to put the brakes on a global economic recovery.

"Stock markets have fallen sharply over the past 24 hours as fresh all-time highs for oil futures prices continue to be set and concern grows over the impact of high oil prices on economic growth," analysts at Barclays Capital said in a note to clients.

The most severe losses were seen on Wall Street, where the blue-chip Dow Jones industrials average slumped 1.61

percent to 9,963.03 points Thursday, the first close below 10,000 since July 26.

The broader Standard and Poor's 500 index dropped 1.63 percent to 1,080.70 points and the tech-heavy Nasdaq market index tumbled 1.80 percent to 1,821.63.

It came as New York's benchmark oil contract closed at a record settlement of 44.41 dollars per barrel on Thursday.

Surging oil prices weighed also on Asian stock markets, with Tokyo's benchmark Nikkei-225 index closing 0.80 percent lower on Friday at 10,972.57 points, the first time it has ended below the 11,000 mark in some 10 weeks.

Hong Kong's key Hang Seng index dropped 0.11 percent to 12,478.68 points.

"The oil price is remaining a factor, certainly that was a key factor in depressing Asia overnight," Mike Lenhoff, chief strategist at Brewin Dolphin Securities said.

"The Asian market is much more reliant on oil imports than some of the others," he added.

High oil prices are threatening Asian growth because the region is highly dependent on imported crude to power its industries, analysts warn.

European stock markets fared little better Friday, as the British FTSE 100

index lost 0.51 percent to 4,390.70 points.

The German DAX 30 shed 1.36 percent to 3,777.13 points and the French CAC 40 slid 0.83 percent to 3,593.02.

Analysts believe the surge in oil prices, resulting in higher inflation growth, will force central banks to push up interest rates, in turn threatening to take the steam out of a global economic recovery.

But on Thursday, the European Central Bank held its key interest rates unchanged at 2.00 percent.

The Bank of England raised its rates, however, for the fifth time since November by a quarter point to 4.75 percent to prevent the British economy from overheating faced with record high consumer debt.

The bank did not refer directly to energy prices in its reasons for hiking the cost of borrowing, but noted that inflation in Britain picked up to an annual rate of 1.6 percent in June -- the highest level since March 2003.

Premier Bank appoints agent to market its car loan scheme

The Premier Bank Limited has appointed Fair Trade as an agent of the bank for marketing its car loan scheme.

An agreement to this effect was signed by the two organisations at the bank's head office in Dhaka recently, says a press release.

Initially, Fair Trade will be granted a revolving credit limit of Tk 10 crore.

Premier Bank Chairman HBM Iqbal, Vice-chairman BH Haroon, Managing Director Kazi Abdul Mazid, Deputy Managing Director Nurul Alam Chowdhury, Business Development Consultant Muhammad Akram Hussain, Head of Credit Division Shahadat Hossain and other officials of both the organisations were present.

Indian inflation hits 3-year high, spurs rate hike talk

AFP, Mumbai

India's inflation rate hit its highest level in three and a half years for the week ended July 24, driven mainly by rising food prices triggered by a dry spell in key food-growing regions.

The wholesale price index, India's most closely tracked inflation gauge, rose 7.51 percent year-on-year, up from the previous week's rise of 6.52 percent.

The gain was much bigger than economists had expected and they said it could lead to an uptick in official interest rates, crimping growth in Asia's third-largest economy.

Official rates are currently sitting around three-decade lows.

"Everyone was anticipating a rise but not such a huge one. This will harden interest rates," said D.H. Pai Panandikar, economist at the RPG group, a New Delhi-based think-tank.

The wholesale price index was last at 7.51 percent in February 2001, economists and investment bankers said.

Stock prices which already been under pressure from weak global bourses and rising oil prices, fell further on the latest data.

The Bombay Stock Exchange's benchmark top-30 Sensex share index closed Friday down 1.06 percent, or 55.79 points, at 5,190.93. Bonds were also hit as yields jumped in expectation of rate hikes.

The inflation rise came as a setback for the new leftist-backed Congress government which is already facing the prospect of a pullback in economic growth in the second half as a result of delayed monsoon rains in the farm-dependent nation.

The government which came to power in May on a pledge of improving

the lot of India's poverty-stricken millions is well aware inflation can be a political landmine.

In 1998, soaring prices of onions, an Indian cooking staple, resulted in the Hindu nationalist Bharatiya Janata Party losing office in the state of Delhi.

At the same time, many pensioners and other Indians depend on fixed-income securities and bank saving rates which now stand considerably below the inflation rate.

Analysts said inflation was likely to climb higher in coming weeks as government figures were yet to include the impact of higher international fuel prices on the domestic market.

Australian PM opens way for compromise on free trade pact with US

AFP, Sydney

Prime Minister John Howard paved the way Friday for a compromise to end a political standoff over Australia's free trade deal with the United States, saying the pact was more important than temporary political advantage.

The agreement, which needs parliamentary approval to take effect from January, has been stalled by manoeuvring over demands by the Labor opposition for measures to protect Australia's cheap pharmaceutical drug scheme.

Labor leader Mark Latham is demanding an amendment to free trade legislation to stop US pharmaceutical giants using patent laws to prevent cheaper generic medicines being brought on to the market.

The government has so far refused to change the law, arguing that adequate safeguards are already built into the free

trade agreement and the kind of measure proposed by Latham would infringe Australian patent laws.

Howard said Friday the government still believed there was no need to change the free trade agreement legislation but he would consider any proposal as long as it would not damage Australian patent law.

"If the Labor Party has an amendment that is not damaging to the patent law of this country -- and that would not be desirable -- well let it bring it forward and let us have a look at it," he told reporters.

He said securing the agreement with the United States was far more important than political manoeuvring and the national interest required both the government and the opposition to deliver on the free trade agreement.

HSBC buys 19.9pc stake in Chinese bank

AFP, Beijing

Global banking giant HSBC agreed Friday to pay 1.75 billion dollars to buy a 19.9 percent stake in Bank of Communications -- the biggest single purchase by a foreign investor in China's ailing banking sector.

The deal between HSBC and the Shanghai-based lender was announced in a joint press conference held by HSBC and the Bank of Communications (BoComm), China's fifth largest bank.

"I think we paid a fair price," HSBC chairman Sir John Bond told reporters at a news conference to announce the deal.

Song Feng, spokesperson for BoComm told reporters HSBC paid 1.98 times book value for its stake.

In a separate statement, Bond said the investment is "a vital and important step in building our business in China" and represents "a major commitment" for both parties.

"In return, we offer the Bank of Communications the opportunity to draw on our international expertise and network," Bond said.

HSBC, Europe's largest bank and the world's third largest lender will buy 7.775 billion new shares in BoComm, giving it just below the maximum 20 percent holding any single foreign institution is allowed to have in a domestic Chinese bank.

It will become the Chinese bank's second largest shareholder.