Losses piling up for Kuakata hoteliers

A stretch of beach in Kuakata is seen deserted amid an ongoing nationwide lockdown that has caused untold losses for the local tourist industry. Known for its panoramic sea view, the popular vacation spot is home to numerous hotels, restaurants and other businesses that depend on travellers to stay afloat. SOHRAB HOSSAIN

DISTRICTS IN FOCUS

SOHRAB HOSSAIN, *from Patuakhali*

At least 20 of the 30 staffers employed by Khan Palace, a residential hotel in Kuakata beach town of Patuakhali district, have been put on administrative leave due to the ongoing coronavirus pandemic.

The hotel authorities retained some security and maintenance personnel but most waiters and even managers were sent home after the government ordered all tourist spots to shut down on April 1 in a bid to curb the spread of Covid-19.

The initial lockdown was supposed to last two weeks but as the number of infections continued to climb at an alarming rate, strict measures were introduced on April 14 and later extended until April 28.

As a result, Khan Palace has been deprived of about Tk 1 lakh in revenue while having to pay Tk 3 lakh to its workers, according to Russell Khan, director of the hotel.

The case is similar for all other hotels in the seaside town.

Zahirul Islam Miron, manager of Somudrabari, said he had to pay Tk 40,000 to his workers even though four were on leave.

Likewise, Imtiaz Tushar, the owner of Elish Park, said the payroll has to be calculated despite declining revenue.

"All but two of my 20 staff are on leave but still everyone gets their salaries," said Abdul Motaleb Sharif, owner of the Kuakata Guest House and general secretary of the Kuakata Hotel-Motel Owners Association.

Similarly, hundreds of people employed by the local hotel industry are sitting idle for now but the owners still count their salaries.

"But it is uncertain how long we can survive if the situation prolongs," he added.

The region's tourism industry has suffered as a whole due to the ongoing pandemic.

There are thousands of restaurant workers, around 150 commercial photographers, numerous small shop owners, tom-tom drivers, and many more in the area who depend on tourism for their livelihoods.

Nizam Sheikh, president of the Ashar Alo Cooperative Association (an organisation of fishermen), said that over 2,400 local fishermen are now unemployed.

According to estimates, a total of 5,500 people in Kuakata have lost their jobs due to Covid-19.

When contacted, Patuakali Deputy Commissioner Matiul Islam Chowdhury said a Tk 20 lakh allocation has been received from the Prime Minister's Fund for low-income people as humanitarian assistance to deal with the Covid-19 fallout.

The allocation has already been disbursed to each upazila and the Nirbahi Officer of each upazila will take the necessary steps in this regard, he added.

Garment workers vulnerable for poor living conditions: survey

STAR BUSINESS REPORT

Garment worker are still in a vulnerable position as they can hardly follow health protocols to protect themselves from the coronavirus, according a paper presented at a webinar yesterday.

The paper, "Post Covid-19 sustainability challenges for readymade garments (RMG) industry: A study on Bangladesh", said workers had to put their lives at stake on returning to their residences where they have to live in congested spaces and where ensuring social distancing is difficult.

"When they go home and use common bathrooms, sit and eat in common places and use common transport, the risk of infection of coronavirus remains," said Shuvra Dey Babu, who leads one of the merchandising teams at Beximco Industrial Park.

"From that point of view, it is very difficult for them to follow the rules of hygiene and physical distancing," he said.

The paper, also co-authored by Swadip Bhattacharjee, an assistant professor of the University of Chittagong, and freelancer writer Arjita Saha, was presented at a session of an international conference titled "Business for Sustainability".

The University of Dhaka organised the event.

The researchers said Bangladesh's RMG industries need more green industrialisation as a huge amount of energy was used here for lighting and other maintenance purposes.

Implementation of advanced technologies is required to set up sustainable industrialisation, according to the study.

The research began in late October 2020 and ended in the middle of November and researchers carried out the survey through phone calls, emails, and WhatsApp messages among 48 participants with the objective to find out the post-pandemic challenges in the garment industry.

The local garment industry started its journey in 1976 and is now the second largest exporter of apparel in the global market. This sector accounts for around 85 per cent of Bangladesh's total annual exports.

The growth of the garment industry has led to an enormous impact on the country's socio-economic development.

Mohammed Farashuddin, former governor of Bangladesh Bank, moderated the event.

When workers go home and use common bathrooms, sit and eat in common places and use common transport, the risk of infection of coronavirus remains. STAR/FILE

GLOBAL BUSINESS

Saudi Arabia sees over $200b in savings from energy reforms plan

REUTERS

Saudi Arabia could save over $200b over the next decade by replacing liquid fuel used for domestic consumption with gas and renewable energy sources, the finance minister said, as the kingdom seeks to cut costs to fund investments.

The world's top oil exporter has embarked on an ambitious reforms program in recent years to modernize its economy, create jobs, and reduce its dependence on oil revenues.

"One initiative we're about to finalise is the displacement of liquids," said Finance Minister Mohammed al-Jadaan.

"This program would represent savings for the government of about 800b riyals ($213.34b) over the next 10 years which can be utilized for investment."

Saudi Arabia this month signed power purchase agreements with seven new solar projects, part of plans to optimise the energy mix used for electricity production.

"Instead of buying fuel from the international markets at $60 and then selling it at $6 for Saudi utilities, or using some of our quota in OPEC to sell at $6, we're going to actually displace at least 1

Finance Minister Mohammed al-Jadaan

million barrels a day of oil equivalent in the next 10 years and replace it with gas and renewables," said Jadaan.

Hit hard by lower crude prices and the coronavirus crisis last year, the kingdom has recently announced plans to accelerate domestic investment, in a multi-trillion-dollar spending push led by state oil giant Aramco (2222.SE) and the powerful $400 billion sovereign fund, Public Investment Fund.

In an attempt to shift the burden of some of the planned investments away from the treasury, some companies have been asked to lower the dividends they pay to the government to boost capital spending.

Computer chip shortage may leave auto sector idling

AFP, *Paris*

What was initially downplayed as a brief hiccup in the supply of semiconductors looks more and more like a shortage that may last throughout the year in what would be a big blow to automakers.

They were planning to rev up production this year to meet an expected surge in demand from consumers as the pandemic wanes and to recover from last year's losses.

But without enough chips those hopes are fading.

The shortage of chips has pushed automakers to idle production lines for brief periods when they temporarily run out of supplies.

Toyota, Volkswagen, Ford, Peugeot, Fiat, Jeep, Honda, Jaguar Land Rover and even the Chinese startup Nio have had to pause production in their factories in the past months.

Automakers have reduced the stocks of parts they keep on hand in recent years as part of cost-cutting measures, so delivery delays can quickly force an entire shutdown.

Renault CEO Luca de Meo told shareholders this past week that "the semiconductor shortage could cause a drop in production volume this year of at least 100,000 vehicles.

"In Germany, thousands of autoworkers were on reduced work hours or temporary unemployment as Volkswagen and Mercedes factories were forced to halt production.

Fiat slowed production at its Brazilian factory in Betim for the second time this month.

The Stellantis factory in Rennes-La Janais in France, where 2,000 people work, was also nearly idle.

Computer processors are a key element in today's vehicles, which can easily have several dozen to control elements such as the engine, automatic braking system, airbags, automatic parking system and the infotainment system.

The main manufacturers are located in Asia, such as TSMC in Taiwan and Samsung and SK Hynix in South Korea, although there are still some factories in the United States and Europe.

REUTERS/FILE

Automakers were hoping to rev up production as the Covid-19 pandemic wanes, but a chip shortage is putting a crimp in their plans.

The surge in demand for electronic devices during the pandemic is the main cause of today's shortage of chips. A fire in a Japanese factory didn't help and now a drought in Taiwan may force a reduction in output.

Automakers say they are managing the situation on a day by day basis and are trying to avoid shutting down production lines completely.

Due to the chip shortage, "GM is building some vehicles without certain modules when necessary," the US carmaker said in a statement.

"They will be completed as soon as more semiconductors become available," it added.

Stellantis was able to resume production of the new Peugeot 308 at half the normal pace after a three-week halt. It went back to a dashboard console that uses an analogue speedometer.

Most automakers say they hope to make up lost production during the second half of the year.

Current shortages of semiconductor chips that are slowing car production worldwide "can be compensated for by the end of the year", Daimler CEO Ola Kallenius said in a statement.

New bloodletting hits Spanish banking sector

AFP, *Madrid*

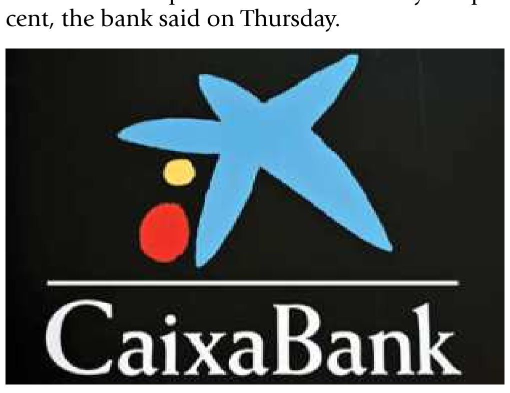
In Spain where bank tellers were once legion, the sector is again reeling from thousands more job cuts as a 10-year trend gathers pace due to the ongoing pandemic.

Two more big banks announced thousands of layoffs last week with 8,300 jobs to be axed at CaixaBank, or one in five of its staff, and 3,800 at its smaller rival BBVA, accounting for 16 per cent of the workforce.

The announcements drew an angry response from Spain's big unions, the UGT and the Workers' Union (CCOO), who denounced the cuts as "brutal" and "scandalous".

Late last year, Banco Santander, Spain's largest bank, said it would cut 3,500 jobs while Banco Sabadell moved to lay off 1,800 staff. All of them have made the same argument: that in a context of low interest rates which is expected to continue, they have to cut costs by reducing the number of branches rendered unnecessary by the growth of online banking.

Online transactions at BBVA have grown by 87 per cent over the past two years, while branch-based operations have fallen by 48 per cent, the bank said on Thursday.



AFP

Spanish bank CaixaBank plans to lay off nearly 8,300 staff following a merger with smaller rival Bankia to form the country's largest domestic lender.

This bloodletting is not new in Spain: between 2008 and 2019, the sector shed around 100,000 staff -- or nearly 40 per cent of its employees -- after narrowly escaping collapse during a financial crisis when banks only survived thanks to a massive public bailout.

As a wave of consolidation took hold, Spain's huge network of smaller local banks which fuelled a property bubble two decades ago by lending willy-nilly, were absorbed by bigger rivals who began slashing staff. In the past decade, the number of bank branches were cut in half, a report by the Moody's ratings agency found.

"Over the past decade, the Spanish banking system has undergone one of the most profound consolidation processes in Europe," it said.

Between 2008 and 2019, Spain had the highest number of branch closures and job cuts in Europe, with 48 per cent of its branches shuttered compared with a bloc-wide average of 31 per cent, and 37 per cent of its staff laid off compared with 19 per cent in Europe.

Qatar Petroleum plans debut dollar public bond sale

REUTERS, *Dubai*

Qatar Petroleum (QP) is planning its first ever US dollar-denominated public international bond sale, two sources said, the latest Gulf energy giant to tap debt markets in an age of lower energy prices.

The world's top liquefied natural gas (LNG) supplier sent banks a request for proposals for the planned debt sale in the last few weeks, the sources said, with one of them adding it will likely raise billions of dollars.

"It will be a big deal," the source said.

QP, which did not immediately respond to a request for comment, plans to vastly expand its capacity in coming years.

The company said last month it would take full ownership of its Qatargas 1 LNG plant, the country's first, when its 25-year contract with international investors including Exxon Mobil Corp and Total SE expires next year.

The planned debt sale comes as energy companies in the region seek different means to raise cash after they were pummelled last year by the double shock of the Covid-19 pandemic and oil prices collapsing.

QP last year was looking at job and cost cuts to cope with the slump in oil and gas demand caused by the new coronavirus.

Sources told Reuters last week Saudi Arabia's oil giant Aramco is planning to refinance a $10b revolving credit facility. It is also working on a $12.4b deal to monetise its oil pipelines network.

Abu Dhabi National Oil Company (ADNOC) has done similar infrastructure deals that lease ownership of assets, raising billions of dollars in the past two years.

It is also planning initial public offerings of its drilling business and its joint venture with chemical producer OCI.