

Star BUSINESS

Kaan Terzioğlu, group CEO of VEON, says there is no way for Bangladesh to catch up with its digitalisation goals in absence of adequate investment in telecom.



Story on B4

RMG MIN WAGE Eight US congress members call for revision

STAR BUSINESS REPORT

Eight US Congress members have urged the American Apparel & Footwear Association (AAFA) to strongly support the demands of Bangladesh's garment workers for fairer wages.

"While we were encouraged to see several US brands express support for a wage increase and a fair, transparent wage-setting process, words are not enough. The reluctance to support a living wage of BDT 23,000, or around \$208 per month, is not only disheartening but shameful."

"Due to their significant presence and operational leverage in Bangladesh, we believe that AAFA member companies are strongly positioned to support workers' petitions for livable wages and to vocally champion their labour rights in a key country for the global apparel industry."

The letter comes more than a month after the minimum wage board raised the minimum salary for millions of garment workers at Tk 12,500 against a demand of about Tk 25,000.

The letter is signed by Ilhan Omar, Jim McGovern, Jan Schakowsky, Raúl Grijalva, Barbara Lee, Alexandria Ocasio-Cortez, David Trone, and Susan Wild. They made the demand in a letter to the AAFA on Monday.

"We are writing to urge the AAFA to strongly support the demands of Bangladesh's garment workers for fairer wages," the lawmakers wrote.

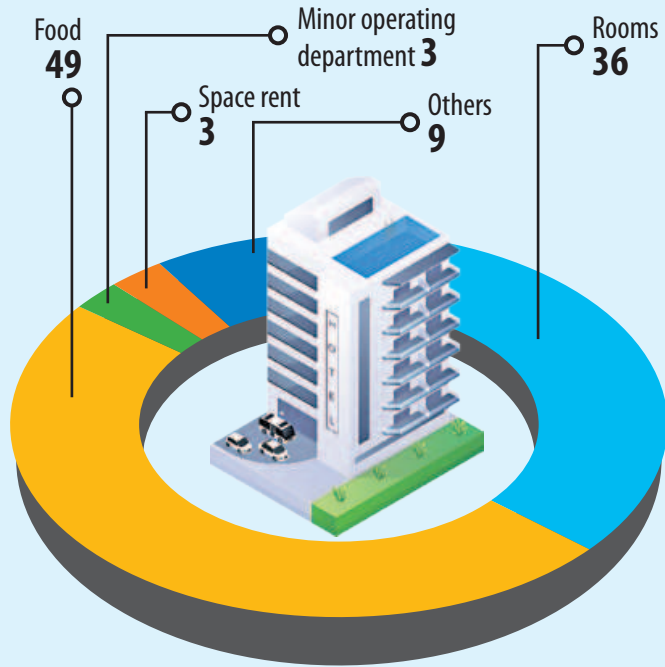
The letter comes more than a month after the minimum wage board raised the minimum salary for millions of garment workers at Tk 12,500 against a demand of about Tk 25,000.

The letter said the wage increases, which would

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Luxury hotels log higher revenue: half of it comes from food, beverage

Revenue of luxury hotels from various segments, (In %)



SOURCE: FINANCIAL REPORTS OF SIX COMPANIES

"There is no way to raise the revenue until the number of rooms goes up or the rate increases. However, there is huge potential to earn more revenues from food sales."

Md Azaharul Mamun
Company secretary
Sea Pearl Cox's Bazar Beach Resort & Spa

Hotel business in 2022-23

Profits of most luxury hotels grew
Number of guests and food sales rebounded from pandemic
Recent blockades hurt business
Hotels near the airport are getting more boarders

Net profit & loss

(In crore Tk)

2021-22 2022-23

Company	2021-22	2022-23
Best Holdings (Le Méridien)	114	192
Unique Hotel (Westin, Sheraton Dhaka)	101	99
Sea Pearl Cox's bazar	70	2.24
Peninsula Chittagong	16	-4.00
BD Service (InterContinental)	-85	-110

AHSAN HABIB

Food and beverages are major sources of revenue for most of the luxury hotels in Bangladesh compared to their earnings from renting out rooms as operators have stepped up efforts to drive sales.

In contrast, hotels located in the areas near the Hazrat Shahjalal International Airport are logging higher revenues from rooms while they struggle to generate earnings from dining and attract corporates to hold events.

Food and beverage sales accounted for 49 percent of the revenues generated by the six luxury hotels that published financial reports for the fiscal year of 2022-23.

Of them, InterContinental Dhaka earned a revenue of Tk 111 crore from food and beverage sales, which was around 66 percent of the total revenue.

Bangladesh Services Ltd, the owning company of InterContinental, turned over Tk 42 crore from rooms in the same year.

"As foods are preferred by the guests from central Dhaka, our hotel is a popular place for hosting events, so revenues from food sales are higher," said Mohammad Atiqur

Rahaman, managing director of Bangladesh Services.

However, its relatively long distance from the airport and traffic congestion are the major reasons for not getting enough foreigners as guests, he said.

But after the opening of Dhaka's first elevated expressway in September,

in the previous year.

Le Méridien Dhaka clocked the highest revenue from the room segment thanks to its proximity to the airport.

The revenue of Best Holdings, the owning company of Le Méridien, from rooms was Tk 150 crore, accounting for 51 percent of the total turnover. It sold food and beverage items

already has the highest number of rooms among the hotels in Bangladesh.

While the location is a blessing for the company, its distance from central Dhaka explains why its revenue from dining is lower.

"We don't get adequate events and guests," Azad added.

Apart from the two, Unique Hotel, the owning company of Sheraton Dhaka and Westin Dhaka, Sea Pearl Cox's Bazar Beach Resort & Spa, and Peninsula Chittagong, have also published their financial reports for FY23.

Westin Dhaka sits at the heart of new Dhaka while it is not far away from the airport. So, the turnover from the accommodation facility and food is almost equal.

The hotel turned over Tk 97 crore from room rents and Tk 92 crore from food and beverage sales.

A senior official of Unique Hotel & Resorts said the hotels are situated in the business hub and the diplomatic zone.

"Our hotels are also attractive to corporates, foreigners and local guests."

Unique Hotel's profits skyrocketed to Tk 192 crore in FY23 from Tk 99 crore in the previous year.

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Rahaman is hopeful of drawing more foreign guests. "This will increase the occupancy rate in the coming years."

Recently, InterContinental has taken many steps to woo customers. For instance, on its rooftop garden, it is producing organic vegetables that are served to guests.

The company has been incurring losses since 2015 when its renovation started. The loss came down to Tk 85 crore in FY23 from Tk 110 crore

worth Tk 99 crore in FY23, according to the financial report.

"The location is the main factor for the higher room revenue. As a result, the occupancy rate is high," said Abul Kalam Azad, company secretary of Best Holdings.

On average, the hotel's occupancy rate is 70-75 percent and it sometimes reaches 100 percent.

To meet demand, the hotel is adding 58 more rooms. It

Bangladesh falls behind peers in wooing non-resident deposits

STAR BUSINESS REPORT

Bangladesh has become the laggard among four South Asian countries when it comes to attracting deposits and investments from its nationals living abroad, according to a report of the World Bank.

The country has a stock of \$1.34 billion as deposits from non-resident Bangladeshis. Pakistan has a stock of \$3.7 billion.

India has attracted the highest deposits among 15 developing countries from its non-resident nationals whose savings stood at \$143 billion as of September this year.

Sri Lanka came second with deposits of \$7.78 billion, said the Migration and Development Brief of the Global Knowledge Partnership on Migration and Development (KNOMAD), which is part of the Washington-based lender.

The WB said despite calls to increase private finance to address climate change, food insecurity, fragility, and other global challenges, private capital flows to the lower-middle income countries (LMICs) have steadily decreased over the past decade.

Remittances are one of the few sources of private external finance that are expected to continue to grow in the coming decade.

"As debt indicators have worsened in the LMICs, and sovereign risks increased, countries may benefit from efforts to attract diaspora investors who may view investment opportunities in their countries of origin through a more favourable lens than do institutional investors from the global north," it said.

The report said many countries, notably India, have implemented savings programmes to attract foreign currency deposits from its non-resident citizens.

"Such deposits are usually repatriable, yield higher interest rates than comparable international interest rates and are tax-exempt,"

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STOCKS

DSEX	CASPI
0.15% 6,261.02	0.08% 18,563.40

COMMODITIES

Gold	Oil
\$2,030.02 (per ounce)	\$72.80 (per barrel)

ASIAN MARKETS

MUMBAI	TOKYO	SINGAPORE	SHANGHAI
0.17% 71,437.19	1.41% 33,219.39	0.11% 3,116.62	0.05% 2,932.39



A view of cement factories located in Mongla. The photo was taken recently.

PHOTO: HABIBUR RAHMAN

Cement makers slash output as political tension flares up

JAGARAN CHAKMA

Cement makers in Bangladesh have reduced production in the face of falling sales due to ongoing political tension and a slowdown in public and private construction projects, according to industry people.

Cement mills in the country have a combined production capacity of nearly 50 lakh tonnes per month. However, their production capacity has dropped to around 17 lakh tonnes per month.

In terms of the annual average, production of the key construction material dropped to 25 lakh tonnes per month in 2023 while it was 36 lakh tonnes per month the previous year.

"Manufacturers are continuing operations at less than 70 percent capacity to keep their workers engaged," said Md Moshir Rahman Dalim, head of business at Akij Cement.

However, in absence of adequate demand, even reduced production could lead to higher buffer stocks, which is a burden for owners, he said.

"So, some manufactures are meeting the slow demand with previous stocks and

it is not clear how long it will take for the situation to improve after the election," he added.

Dalim informed that cement sales have declined by more than 50 percent compared to normal demand in the ongoing dry season, which was the peak season for the construction sector.

Also, production costs increased by about 30 percent over the past year due to the US dollar turner costlier in terms of the local taka, he said.

"I never witnessed this type of shock in the cement sector in my 22-year-long career," said Dalim.

According to him, individual buyers make up a bulk of their sales but people have become apprehensive over spending money amid the current political situation.

Mohammed Amirul Haque, managing director and chief executive director of Premier Cement Mills Limited, said cement factories were operating at 30 percent capacity due to slow sales since November.

"We cannot even import raw materials for problems in opening letters of credit (L/Cs)," he said, citing how cement makers

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