Dhaka's 5-star hotels facing a dearth of guests

JAGARAN CHAKMA

Most of Dhaka's five-star hotels are not faring well for a dearth of guests, as political uncertainties and security concerns following the August 5 student movement are putting off most events and travel plans.

Industry insiders said the nine five-star hotels in Dhaka were facing difficulties as commuting within the capital has become troublesome owing to abrupt protests and untoward incidents.

Moreover, some countries such as the US, UK, and Japan have issued travel alerts discouraging their citizens from travelling to Bangladesh.

Hospitality service providers said the nine five-star hotels can host around 2,500 guests per night.

Business had slightly improved in October, but the momentum was lost in November as the risk of social unrest simmered, according to the management authorities of these hotels.

"Business is yet to pick up despite a slight improvement compared to the situation in July and August," said Mohammed Nafeuzzaman, public relations manager of Pan Pacific Sonargaon Dhaka.

"Currently, our hotel occupancy rate is 30 percent, whereas it is around 65 percent under normal conditions," he said.

However, there has been a slight improvement in the occupancy rate in December, although the business has not returned to levels as per expectations, Nafeuzzaman said.

KEYFACTSABOUTBUSINESSOFFIVE-STARHOTELS

Dhakahas 9five-star hotels	Total accommodation capacity:2,500	Foreignguests declinedsince mid-November	Averageoccupancy rateslumpedto50% from70%inOctober	Just 10% business travellers	Fewevents, exposbeing held	Political stability needed for flow of guests to recover

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The hotel, which has 278 rooms, is located in the downtown area of the city, making it a preferred choice for business clients to hold events, he added.

According to Nafeuzzaman, revenue fluctuations in the hotel industry are normal and reflect the nature of the business.

"We do not operate purely on occupancy; we run an event-based business," he said, adding that the situation may improve in the coming days.

"Business is better than in July and August, and we turned a profit in October," he said.

Mahmud Hassan, director of sales and marketing at Dhaka Regency Hotel and Resort, said a lack of guests in mid-November had put the hotel in a precarious position.

"The number of guests increased to 80 to 100 per day in October but has since dropped to just 15 to 20," he added.

At present, the business is getting by catering to airline crews, he said.

Hassan said the number of business travellers, particularly from India, has fallen significantly due to ongoing tension between the two countries.

Moreover, very few business exhibitions are being organised, for which there are hardly any event-centric guests, he said.

"Under normal conditions, especially in winter, occupancy typically reaches 100 percent. However, there is no sign of improvement in guest numbers," he said.

Hassan also said a lack of new investment, be it by locals or foreigners, has negatively affected the luxury hotel industry. Furthermore, alerts issued by countries like the US and Japan discouraging travelling to Bangladesh have also impacted the hotel and hospitality sector, he added.

"The United Kingdom announced a travel alert on Tuesday, which has added to the challenges," Hassan said.

According to him, most of their guests usually arrive from China, India, and the US but now citizens of these countries reluctant to come on visits.

"Now the occupancy rate has dropped to 40 percent or 45 percent from around 60 percent in October," said Nazrul Islam, director of marketing and sales at Radisson Blu Dhaka Water Garden.

"Normally, our occupancy rate ranges from 78 percent to 80 percent," he said.

He said business travellers usually account for 70 percent to 80 percent of their room occupancy, but their numbers have declined significantly, severely affecting the hotel's business.

"Recovery possibility depends on stabilisation of the political and economic situation of the country," said Islam.

While there was a slight increase in business travellers in October, different incidents afterwards caused a decline again, he said.

"Currently, only 10 percent of the rooms are occupied by business travellers," he said, adding that while some representatives of non-governmental organisations were arriving from abroad, their numbers were minimal.

Islam also mentioned that airlines typically reserve 50 of the hotel's 200 rooms.

However, with fewer international flights departing from Dhaka, that number has also decreased, he said.

He said the overall situation has left the hotel unable to generate enough revenue to cover operational expenses.

"This applies to almost all five-star hotels, not just Radisson," said Islam.

However, Tuhinoor Sultana, cluster public relations manager at The Westin Dhaka, had a more optimistic view.

"Despite the overall challenging situation for international travellers, we are receiving a good number of guests from Europe and China," she said.

She also said the hotel has recorded an increase in corporate bookings for events, seminars, and symposiums over the past two months.

"We are on the path to recovery, but our performance does not reflect that of the overall the luxury hotel industry," she added.

According to Sultana, the occupancy rate at The Westin Dhaka has now increased to 70 percent, up from just 10 percent at the height of the political unrest in July-August.

She attributed this to the hotel's strategic location at Gulshan 2, an upscale area and business hub of the city.

Navigating sustainability in the garment industry

MD MOHIUDDIN RUBEL

Sustainability has become a cornerstone of global discourse, with frameworks like Corporate Social Responsibility, Social Responsibility, and Environmental, Social, and Governance shaping corporate expectations. The garment sector in Bangladesh has risen to meet these global priorities. However, while the industry is transforming, challenges remain in aligning these best practice efforts with equitable financial outcomes.

The cost of progress

Adopting sustainability comes with significant investments. For example, implementing water treatment systems or transitioning to green factories involves upfront costs that can strain resources. These investments promise long-term benefits but present immediate challenges for manufacturers balancing rising costs with competitive pricing.

In an industry marked by fierce competition, the price manufacturers receive often does not fully reflect the additional value they deliver through sustainable practices. Factories that prioritise compliance and innovation may face higher costs per unit than those that lag in adopting such measures. This imbalance highlights the need for a pricing model that accounts for shared responsibility across the supply chain.

Price stagnation amid rising costs

Garment pricing typically hinges on two components: raw material (RM) costs and cost of making (CM), which includes wages, utilities, and profit margins. While RM prices fluctuate, CM has remained largely stagnant, even as wages, utility costs, and interest rates have steadily increased, exacerbated by the Covid pandemic and economic ups and downs. This creates pressure on manufacturers striving to meet rising production costs while maintaining competitiveness.

Recent trends in apparel import prices highlight the industry's challenges.

This sustained price stagnation amid rising costs underscores the critical need for a pricing model that accounts for shared responsibility across the supply chain.

Building a resilient industry

The garment industry's evolution over the past decade, particularly after the transformative steps taken following incidents like the Rana Plaza garment factory collapse, demonstrates a clear commitment to progress. Investments in safety and sustainability have positioned Bangladesh as a leader in green factories and worker welfare.

While some pricing adjustments have been made, long-term consistency is crucial for sustaining these efforts. This is not merely about negotiating higher prices but about fostering collaboration across the value chain to ensure shared success.

Overcoming internal challenges

Overcoming internal challenges is vital for strengthening the industry, focusing on diversification, innovation, and specialisation. New products, optimised processes, market expansion, workforce development, and efficient capital management are essential for growth and resilience against market volatility.

A collaborative path forward

As Bangladesh continues to lead in sustainability efforts, fostering a collaborative mindset across the supply chain is vital. Buyers, manufacturers, and stakeholders must work together to align expectations and ensure that the value created through responsible practices is reflected in pricing structures.

The author is a former director of the Bangladesh Garment Manufacturers and Exporters Association

Rattled by China, West scrambles to rejig critical minerals supply chains

REUTERS, *Beijing/Toronto/London*

China's trade restrictions on strategic minerals are starting to hit Western companies where it hurts.

Blaming Beijing's curbs on antimony exports announced in August, German chemicals and consumer goods heavyweight Henkel told customers last month it had declared force majeure and suspended deliveries of four types of adhesives and lubricants widely used by automakers, according to a Nov. 8 letter to clients reviewed by Reuters.

Henkel uses the silvery metal to make its Bonderite and Teroson-branded products, core parts of the company's adhesive technologies division, which brought in 10.79 billion euros ($11.4 billion) in revenue last year.

"We have been notified by our suppliers that the importation of these raw materials has been delayed pending the Chinese government accepting license applications," according to the letter, which was signed by two senior executives.

"As a result, Henkel is hereby declaring force majeure in connection with its deliveries of these products," the German company also said, adding it was unable to predict the duration of the situation.

The letter from Henkel, which had not been reported previously, and conversations with more than two dozen traders, miners, processors, end-users, and industry experts in North America, Europe and China underscore the severe disruption caused by Beijing's trade restrictions and highlight how Western players' struggle to replace China-based supply chains.

Contacted by Reuters about the letter, Henkel said it was working to support its customers and find alternative supplies: "We are monitoring the global supply situation of antimony very closely and aim to restore solutions to fulfill our customers' orders."

The price of antimony, scarce in nature but essential for military equipment such as ammunition, infrared missiles, nuclear weapons, and night vision goggles, rallied nearly 230 percent this year to about $39,000 per metric ton in Rotterdam's busy spot market, according to market intelligence provider Argus.

China is the world's largest antimony producer and dominates the production of many strategic minerals.

Last year, Beijing also limited exports of gallium and germanium - used for semiconductors, solar panels and weapons - as well as certain types of graphite - a key component in EV batteries.

Responding to a fresh US crackdown on China's chip industry, Beijing this week further ratcheted up pressure, imposing an outright ban on exports of gallium, germanium and antimony to the United States, where Henkel makes Bonderite in Michigan.

Beijing's restrictions bring added urgency for Western players to cut their reliance on minerals from China. Miner Perpetua Resources, for instance, is developing an antimony mine in Idaho with US government funding.

But new mines can take years to develop, leaving players like Henkel scrambling to find alternatives, which are often more costly.

"Please note that we are in close contact with our suppliers and using all commercially reasonable means to leverage our global supply chain to address this situation and support our customers," Henkel also wrote in the letter.

Meanwhile, some Western miners and processors have started to build up capacity.

United States Antimony (USAC), the only North American processor of the metal, made plans to lift output at its Montana smelter, which was running at 50 percent of capacity after China announced curbs on antimony exports in August.

"Our decision to ramp up production was predominantly triggered by the more than tripling of worldwide Rotterdam antimony prices," the company's chairman, Gary Evans, told Reuters.

Visitors stand in front of a battery from the Contemporary Amperex Technology Co, Limited displayed at the Beijing Auto Show, in Beijing, China. Last year, Beijing also limited exports of gallium and germanium - used for semiconductors, solar panels and weapons - as well as certain types of graphite - a key component in EV batteries.

PHOTO: AFP/FILE

Gas price shock set to add to Europe's industrial pain

REUTERS, *Paris/Oslo/London*

Europe's struggling industries are bracing for a new gas price shock over the coming winter months, as colder weather depletes stocks, competition with Asia for liquefied natural gas intensifies, and the prospect of reduced Russian supplies looms.

Since the energy crisis of 2022, when gas prices peaked at nearly 350 euros per megawatt hour (MWh), dozens of firms across Europe have closed factories and cut activity and jobs as high gas prices undermined their competitiveness.

Many are maintaining reduced demand and lower manufacturing activity, with negative implications for Europe's sluggish growth.

European Union gas demand is 17 percent below the five-year average observed during pre-pandemic years.

At the same time, gas prices are at their highest level in over a year and analysts predict they will rise further.

"The concern is that we are laying our guard down because energy prices are lower now than what we saw in 2022," Svein Tore Holsether, CEO of Oslo-listed Yara, a fertiliser company, told Reuters in October.

"It's important to remind ourselves that we're still at much higher levels than other key regions like the US, the Middle East, and Russia."

Nervousness about the expiry at the end of the year of a Russian transit deal to supply gas to Europe via Ukraine has helped to drive buying.