



A view of the InterContinental Dhaka, one of the capital's premier five-star hotels, on Minto Road. Though the luxury hospitality sector faced a challenging year in 2025, careful management and a diversified guest base helped some hotels navigate the difficult environment.

PHOTO: MEHEDI HASAN

Low occupancy, fewer foreign guests strain Dhaka's luxury hotels

The industry survived, but did not thrive amid challenges and uncertainties last year

JAGARAN CHAKMA

Despite a slight improvement toward the end of the year, Dhaka's luxury hotel industry struggled through much of 2025 amid political uncertainty, economic slowdown and declining foreign tourist arrivals.

Occupancy remained below expectations, corporate travel weakened, and major events slowed. While most hotels avoided losses through diversified revenue streams, industry insiders described the year as one of survival rather than growth.

Business at Radisson Blu Water Garden Hotel, Dhaka has settled into what one senior executive described as a state of uneasy balance — neither robust nor in decline.

Shamim Al Mamun, the hotel's assistant director of sales, said the year has been stable but lacking the energy of a truly successful season. The hotel's average occupancy rate has been around 60 percent, compared with nearly 80 percent during better times.

"In our industry, 60 percent is not considered good business," Mamun said. "It allows us to run operations smoothly, but it does not leave much room for growth or expansion."

Despite the slower pace, the hotel has managed to maintain financial stability, he said. A key reason behind this is its regular contracts with five international

airlines, which provide a steady flow of guests and consistent revenue. These partnerships have helped offset weaker demand from other segments, such as corporate events and conferences.

While the hotel continues to operate without major setbacks, management hopes to see occupancy return to stronger levels in the coming months, Mamun said.

Laila Noor Chaity, public relations officer at Pan Pacific Sonargaon Dhaka, said the hotel operated with an average occupancy of around 60 percent in 2025. "At 60 percent occupancy, business runs," she said. "But for real growth, we need at least 70 to 80 percent."

Despite a challenging year marked by political uncertainty and slower foreign tourist arrivals, the hotel managed to meet its operational targets, she said. Visiting international cricket and football teams provided a steady stream of bookings, helping offset weaknesses in other segments.

Foreign guest numbers, however, fell compared to previous years. Corporate and business travel also slowed, reflecting broader economic conditions and uncertainty ahead of the political transition, Chaity said, pointing to expectations of greater stability under the new government.

Even during the tense May-June period — when several large political gatherings took place on major holidays — the Sonargaon managed to host scheduled

events and maintain comparatively stronger guest turnout than some competitors, though not at previous peak levels, she said.

Taking everything into consideration, Chaity said, while 2025 was not a high-growth year, careful management and diversified guest segments helped the hotel navigate a difficult environment.

Mahmud Hassan, director of sales and marketing at Dhaka Regency Hotel & Resort Limited, said 2025 was a challenging and uncertain year for the hospitality sector.

He said the country's overall economic slowdown had a direct impact on the hotel business. "It would not be correct to say that 2025 was a good year," he noted. "The economy was slow, and that affected us."

According to Hassan, the toughest period was between May and July, when business dropped significantly. Although conditions improved slightly ahead of the national election, the recovery was gradual.

Corporate travel — one of the hotel's main revenue sources — declined sharply. New investments slowed, and fewer development projects meant fewer business travellers. Delays in major infrastructure projects further reduced the flow of corporate guests.

Regional markets were also affected. While the number of Chinese guests remained relatively stable, the number of Indian and Japanese visitors declined.

Indian guests traditionally make up a significant share of the Asian market, and the decline in their arrival had a noticeable impact on business.

All in all, Hassan said corporate events, foreign guest arrivals and outlet activity all decreased, making 2025 a difficult year for the hotel industry.

AR Ashik, associate director of sales and marketing at Holiday Inn Dhaka City Centre, said political uncertainty and a weak economy significantly affected the five-star hotel segment in 2025.

"Of course, there was an impact," he said, citing geopolitical tensions, strained international relations and visa restrictions that reduced foreign guest arrivals. He estimated that overall business fell 30 to 40 percent below expectations, with the sharpest drop seen in room occupancy.

The 187-room hotel recorded an average occupancy of just 37 to 40 percent throughout the year — far below the 50 to 60 percent considered necessary for stable operations.

However, the hotel avoided total losses as stronger revenue from food and beverage, banquets and events helped offset weak room sales.

An official of Bangladesh Services Limited, which operates InterContinental Dhaka, said the hotel's business performance improved in 2025 despite political unrest and various agitation programmes over the past one and a half years.

Loan leniency and the risk of zombie firms

MD DEEN ISLAM

The new governor of the Bangladesh Bank has made his first major policy move. It is the kind of decision that feels immediately reassuring to anyone who has ever struggled to meet a deadline. By allowing banks to renew continuous loans even after their tenure expires, provided they have not yet been classified as defaulted, the central bank has given thousands of businesses a short window to breathe. Bankers welcome the relief. Traders and industrialists, already battered by economic headwinds, now have space to sort out their finances without the threat of classification hanging over them. In the short term, this is the sort of pragmatic, business-friendly intervention one might expect from a governor who understands the pressures of running an enterprise. It prevents an immediate spike in non-performing loans, shores up bank balance sheets for now, and keeps credit channels open. The patient has been given a powerful painkiller, and the relief is palpable.

But painkillers do not cure disease; they mask symptoms. The underlying condition of the banking sector is far more serious than a few missed repayment deadlines. What we may be witnessing is the quiet return of a familiar and dangerous phenomenon: evergreening of loans, the practice of hiding bad debt by constantly renewing it rather than acknowledging it as a loss. The new rules, if not applied with precision, create fertile ground for moral hazard. When borrowers see that loans can be renewed without full repayment of principal, the urgency to maintain credit discipline weakens. Why scramble to pay when rules can bend? Why restructure a failing business when a fresh extension is a signature away? This is not a hypothetical slippery slope. It is a well-trodden path that has led other economies into banking crises.

The most insidious consequence of such leniency is the rise of zombie loans, credit extended to companies that generate just enough cash to cover interest payments but can never repay principal. These undead enterprises stumble on, absorbing capital that could otherwise flow to productive, growing businesses. They do not create jobs at scale. They do not innovate. They do not contribute to long-term economic dynamism. Instead, they survive by consuming resources that should nourish healthier parts of the economy. For the banking sector, the implications are grave. When bad loans are hidden rather than resolved, balance sheets become illusions. Reported asset quality may appear stable, but beneath the surface, the rot spreads. If and when these hidden non-performing loans emerge, provisioning requirements could undermine capital adequacy. The result may be a systemic crisis that forces repeated, taxpayer-funded recapitalisations, diverting public money from schools, hospitals and infrastructure into the black hole of failed lending. A banking sector weighed down by concealed distress becomes risk-averse. It stops lending to new businesses, starves small and medium enterprises of credit, and chokes off the investment needed to generate employment. The very goal the new government has articulated, supporting businesses to create jobs, is undermined by a policy that props up the inefficient at the expense of the dynamic.

None of this suggests malicious intent or even flawed logic. There is economic sense in providing temporary relief during uncertain times, and many firms facing short-term liquidity pressures will benefit from this window. The danger lies not in the policy itself but in its implementation. If banks use the extension to conduct genuine due diligence, distinguishing viable firms with cash flow problems from enterprises that require restructuring or closure, the measure could serve as a useful bridge. If renewal becomes automatic, oversight weak and rolling over loans the path of least resistance, the governor's first major decision will be judged differently. It will be seen as the moment when short-term comfort was chosen over long-term health, when banking problems were masked rather than solved, and when seeds of a deeper financial crisis were sown. The window will close. The consequences of what happens within it will endure far longer.

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15% global tariff may be implemented this week: Bessent

AFP, Washington

US Treasury Secretary Scott Bessent said Wednesday that Donald Trump's 15-percent global tariff is likely to be rolled out this week, as the president moves to rebuild his trade agenda after a major legal setback.

The Supreme Court last month struck down Trump's country-specific tariffs, which he imposed on allies and competitors alike, delivering a stinging rebuke of his signature economic policy.

Since then, the US leader has tapped a different law to impose a new 10 percent duty, and vowed to raise this level to 15 percent.

Asked when the hike will be implemented, Bessent told CNBC: "That's likely sometime this week."

He added that this will be done under Section 122 of the Trade Act of 1974 — the same basis for Trump's new 10 percent tariff — which only allows for a duty lasting 150 days unless Congress extends it.

During this five-month window, the Trump administration will move to wrap up investigations linked to concerns over national security and unfair trade, Bessent said. These probe, in turn, could bring about new sets of tariffs.

"It's my strong belief that the tariff rates will be back to their old rate within five months," Bessent said.

"And those are very fulsome authorities," he added, referring to the laws justifying these investigations. "They have survived more than 4,000 legal challenges. They are more slow moving, but they are more robust," Bessent said.

REUTERS, Singapore

Asia depends on oil and gas from the Middle East, sourcing 60 percent of its crude from the region, making it highly vulnerable if the Iran war causes a prolonged closure of the Strait of Hormuz supply route.

HOW MUCH MIDDLE EASTERN OIL DOES ASIA IMPORT?

The Middle East is the world's largest oil-producing and exporting region, shipping one in four barrels of crude exports daily, mostly through the Strait of Hormuz.

Asia imported 14.74 million barrels per day (bpd) of Middle Eastern crude in 2025, nearly 60 percent of the record 25 million bpd in total purchases for the region, according to data from shipping analytics firm Kpler.

Saudi Arabia, the United Arab Emirates and Iraq are the region's top suppliers to Asia.

Among major buyers, Japan and South Korea are most reliant on Middle Eastern crude, which accounts for about 95 percent and 70 percent of their imports, respectively.

Singapore, Asia's oil hub, increased its dependence on Middle Eastern oil last year to more than 70 percent from about 50 percent in 2024, after Exxon Mobil

completed a refinery expansion requiring more supply of heavy oil from the region.

China, the world's biggest crude importer, sources about half of its seaborne imports — or 5.4 million bpd — from the Middle East, Kpler data showed.

China, which also buys oil from countries including Iran, Russia and Canada and produces more than 4 million bpd on its own, is known in markets for

not relying on any one country for more than 20 percent of its supply.

Middle Eastern oil shipments typically take 30 to 40 days to reach North Asia and the voyages to India take less than a week.

WHY IS ASIA SO DEPENDENT ON MIDDLE EASTERN OIL?

Asia is the world's fastest growing region in terms of oil demand and it is a net importer, as production in the Asia-

Pacific region dwindles due to ageing fields and scant new discoveries.

Most Asian refineries are equipped with desulphurisation units to process high-sulphur crude from the Middle East, which is typically cheaper than low-sulphur grades, in order to generate higher margins.

Middle Eastern crude also contains large amounts of fuel oil, which can be processed into higher quality fuels like gasoline and diesel. Fuel oil is also used as bunker fuel at top global refuelling ports Singapore and Zhoushan in eastern China.

Saudi Arabia's Asia market share, meanwhile, has grown as state energy firm Saudi Aramco acquired stakes in regional refineries to secure outlets for its crude.

WHY DO ASIAN REFINERS HAVE LIMITED ALTERNATIVES?

While Asian refiners have been increasing the types of crude they can process to diversify their supplies, there is a limit to how much volume they can handle as changing grades affects refined-product output and fuel-blending requirements.

Also, most Asian refiners typically lock in more than 50 percent of their crude requirements in long-term contracts to ensure stable supplies.



A crude oil tanker arrives at the port in Qingdao, in China's eastern Shandong province. China, the world's biggest crude importer, sources about half of its seaborne imports from the Middle East.

PHOTO: AFP/FILE