

India challenges China as world's biggest LPG importer



Workers load LPG cooking cylinders onto a supply truck outside a distribution centre in Mumbai.

REUTERS, Singapore

surged from just 1 million tonnes a month in early 2015 on the back of a government programme to bring energy to millions of poor households relying on open fires.

"The growth in India is amazing. The fact that they have grown from 140 million subsidized household connections in 2015 to 181 million now is very impressive," Ted Young, chief financial officer at Dorian LPG told Reuters.

With a fleet of 22 tankers, US-based Dorian is one of the world's biggest LPG shippers.

LPG, a mixture of propane and butane, is used for cooking and transport, as well as in the petrochemical industry. The global market is similar in size to liquefied natural gas (LNG), at around 300 million tonnes traded a year, although both are dwarfed by the market for crude oil, which stands at well over 4 billion tonnes a year.

India's average monthly imports in 2017 of about 1.7 million tonnes are well still behind China's 2.2 million tonnes, but it has jumped

ahead of third-placed Japan on about 1 million tonnes.

Dorian LPG expects "plenty of upside for Indian LPG" imports due to rising use in cars following an Indian tax on gasoline, the company said in a presentation this month.

China, India and Japan together make up about 45 percent of global LPG purchases.

India's biggest supplier by a large margin is the Middle East, which has so far enjoyed a virtual supply monopoly.

However, a surge in US shale drilling, which yields LPG as a byproduct of crude oil and natural gas output, means American LPG exports have started to appear in India.

Eikon data shows the first regular US LPG shipments to India began at the start of 2017 at around 50,000 tonnes to 100,000 tonnes a month, rising to more than 200,000 tonnes in December.

While that is just a tenth of Middle Eastern shipments, US LPG is becoming increasingly price competitive.

Propane at the Texan Mont Belvieu hub costs \$99 cents per gallon (\$516 per tonne), excluding freight. The current Saudi contract price is \$590 a tonne, excluding shipping.

US suppliers have already made big inroads in Japan, currently meeting half of all demand.



ABM Fazle Karim Chowdhury, a lawmaker, and Mohammed Mahtabur Rahman, chairman of NRB Bank, open the bank's 35th branch at Pahartali of Raozan upazila in Chittagong on Tuesday. Md Mahmood Husain, CEO, was present.

Oil remains near 2015 highs on tight market outlook

REUTERS, Singapore

Oil prices on Wednesday remained near two-and-a-half year highs from the previous session as the market outlook for 2018 is relatively tight, although the gradual resumption of flows through a major North Sea pipeline prevented crude from rising.

US West Texas Intermediate (WTI) crude futures were at \$59.87 a barrel at 0754 GMT, down 10 cents from their last settlement. WTI broke through \$60 a barrel for the first time since June 2015 in the previous session.

Brent crude futures were at \$66.80 a barrel, down 22 cents after breaking through \$67 for the first time since May 2015 the previous day.

"Crude spiked sharply in reaction to an explosion at a Libyan pipeline...[but] the price spike came with light volumes as London was closed for Boxing Day," said

Sukrit Vijayakar, director of energy consultancy Trifecta.

Libya lost around 90,000 barrels per day (bpd) of crude oil supplies from a blast on a pipeline feeding Es Sider port on Tuesday.

Wednesday's dips were a result of the gradual return of the 450,000 bpd capacity Forties pipeline system in the North Sea. Flows through Forties will return to normal early in the New Year, operator Ineos said.

Both the Forties and Libyan outages, which together amount to around 500,000 bpd, are small in a global context where both production and demand are approaching 100 million bpd.

But the disruptions highlight that markets have tightened significantly a year into voluntary supply restraint led by top producer Russia and the Middle East-dominated Organization of the Petroleum Exporting Countries (OPEC).



Habibur Rahman, chairman of Pubali Bank, opens the bank's 463rd branch at Mirpur in Habiganj. Md Abdul Halim Chowdhury, managing director, was also present.

India may borrow extra Rs 500b in 2017/18

REUTERS, New Delhi

India's government is likely to borrow additional 500 billion rupees (\$7.79 billion) in 2017/18 fiscal year that ends in March, the finance ministry said on Wednesday. The move would widen the country's fiscal deficit, according to experts.



Saifuzzaman Chowdhury, state minister for land, and Mohammed Shawkat Jamil, additional managing director of United Commercial Bank, open the bank's 177th branch at Patiya in Chittagong on Tuesday.

Brazil to suspend fish exports to EU

AFP, Rio De Janeiro

Brazil said it was suspending fish exports to the European Union in response to concerns raised by Brussels' veterinary inspectors.

"The suspension will come into effect next Wednesday, January 3, at the same time as an action plan to respond to questions raised by the European Union following an inspection carried out in September 2017," the ministry of agriculture said in a statement.

The move was aimed at preventing the EU itself from ordering a suspension, said Luis Rangel, the secretary of state in charge of fisheries.

Rangel cited disagreements in food safety standards between Brazil and the EU.

"The EU veterinary inspection mission in September determined that the changes they had called for in previous visits had not been implemented," the Brazilian union of agricultural inspectors said, citing its own concerns about "the fragility of the Brazilian inspection system."

"The European Commission said the Brazilian fish production system had serious faults and deficiencies, especially in relation to the quality of our fishing vessels," it said.

The Brazilian trade association PEIXE BR, which represents half of the fish producers in the country, called on the government to take "urgent measures" to prevent damage to the market.

In Pakistan, questions raised over GE's flagship power turbines

REUTERS, Islamabad/Singapore

General Electric's flagship gas turbines ran into problems in Pakistan earlier this year, leading to delays and lengthy outages at three newly built power stations, according to several senior Pakistani officials and power executives.

GE has said they were teething problems. But the questions over one of its most important products suggest another setback for the company in a year in which its shares have plunged and third-quarter results were called "horrible" by new Chief Executive John Flannery. GE is now undergoing major restructuring.

There is no evidence that GE's 9HA-Class turbines have fundamental design flaws.

But so far the Pakistani plants, which began running this year, are producing power at levels well below their capacity and the problem was acute in the crucial sum-

mer months, when temperatures in the country frequently exceed 40 degrees Celsius (104°F).

Data from Pakistan's Central Power Purchasing Agency, seen by Reuters, showed the Bhikki, Haveli and Balloki plants jointly generated only a half of their current maximum capacity in August.

A month later all three plants showed improved output but remained well below capacity. Reuters was unable to review more recent data.

"It had terrible consequences because we lost a lot of power which would have come to the grid during the peak summer," Yousaf Naseem Khokhar, the top civil servant in the Energy Ministry's power division, told Reuters.

"It is now up to General Electric to rise to the challenge and to take care of these issues... before next summer starts," he said.

In a statement sent to Reuters, GE said "every commercial HA site today is demonstrating excep-

tional performance levels for both output and efficiency".

On the issues in Pakistan, GE said: "We've encountered and communicated openly about launch challenges and readily resolved issues during this time. It's important to note that challenges are common with power plants of this size and complexity during the commissioning and early operations phase."

GE also said in a separate statement that the three plants are expected to deliver enough power to supply the equivalent of 7.3 million Pakistani homes over their 30-plus-year life cycle, and that will make a "meaningful difference in the everyday lives of the people of Pakistan."

The 9HA-class gas turbines, the GE power division's newest and most prestigious product, entered the Guinness World Records last year for efficiency, based on the amount of electricity generated from natural gas at the power plant

in Bouchain, France, where it was first put into commercial operation in June last year.

Both the 9HA and the 7HA turbines - the A stands for air-cooled - are in tough competition with similar products made by Germany's Siemens, Japan's Mitsubishi Hitachi Power Systems - a joint venture between Mitsubishi Heavy Industries and Hitachi - and Italy's state-controlled Ansaldo Energia.

Flannery said in a GE investor presentation in November that "resolving initial launch issues" with HA class gas turbines would be a future priority.

GE's shares have fallen more than 40 percent this year, and the 12.5-year-old company announced this month it was cutting 12,000 jobs in its power division, about a fifth of the workforce, to cut costs.

Operating profit of the power division, once the strongest part of GE's operations, fell 51 percent in

the third quarter against the year-ago period. Flannery said the division, which brought in 28 percent of GE's revenue last year, was "challenged" but could be turned around in one or two years.

Pakistan, desperate for additional electricity to avoid crippling blackouts, teamed up with GE to build the power stations at Bhikki, Haveli and Balloki, all in the most populous province Punjab, at breakneck speed.

GE won the contracts to supply Pakistan with six turbines for the three power plants in 2015, based on the lowest priced deal per megawatt of capacity.

The first problem was the deliveries were delayed by up to three months and missed some of the summer months this year, several Pakistani officials said. They said they were told the delays happened because a part of the turbine needed further testing.



Officials of Brac Bank pose with the bank's branch managers at a convention at Grand Sultan Tea Resort and Golf in Sreemangal in Moulvibazar.



AKM Shaheed Reza, chairman of Mercantile Bank, opens the bank's 128th branch on Access Road in Chittagong yesterday. Kazi Masihur Rahman, CEO, was present.

MERCANTILE BANK