

UAE plans oil trade overhaul to boost Middle Eastern clout

REUTERS, Dubai/London
The United Arab Emirates' state-run ADNOC, long seen as one of the most conservative oil firms in the Middle East, plans an overhaul for its trading operations as it seeks to emulate the success of rival oil majors and bolster its regional influence.

The company has splurged on hiring former employees of private-sector peers and wants to launch a regional oil benchmark, possibly this year, similar to international markers Brent and WTI, four sources familiar with the plans said.

The plan is not yet finalised and still has to be approved by UAE authorities, such as the Abu Dhabi Supreme Petroleum Council, the sources said. ADNOC did not respond to a request for comment.

"ADNOC hopes the benchmark will allow it to earn more money and gain bigger prestige in the region. This all fits into a drive by (Abu Dhabi Crown Prince) Sheikh Mohammed bin Zayed to turn the UAE into a regional leader," one of the sources said.

The UAE, the third-largest oil producer in the Organization of the Petroleum Exporting Countries, behind Saudi Arabia and Iraq, pumps around 3 million barrels per day. It plans to boost output to 4 million bpd by 2020. Most of that oil

is produced by ADNOC, based in the country's capital, Abu Dhabi.

For many years it has traditionally sold oil directly to end-users, mainly in Asia, based on a retroactive pricing

to expand its trading operations to capture added value, the sources said.

For now, Aramco trades only oil products and non-Saudi crude.

ADNOC is considering dropping



A general view of ADNOC headquarters in Abu Dhabi, United Arab Emirates.

system rather than the forward pricing used by Saudi Arabia, Kuwait and Iraq. Now, the company wants to launch full, in-house trading for refined products and crude as part of energy-sector reforms under Sheikh Mohammed and ADNOC Chief Executive Sultan al-Jaber.

The reforms will seek to go further than those at Saudi state oil giant Aramco, which is also seeking

destination restrictions on all of its oil and allowing it to trade freely on the open market, as part of a broader transformation to become more proactive and adaptive to market changes, the sources said.

"The idea behind trading is simple - the UAE sells its crude to someone like BP, which then takes it to the UK, where it is refined into jet fuel which then goes to refuel the UAE's Etihad

planes," one source said, referring to the Abu Dhabi airline. "So why can't ADNOC capture some of the value of trading and the supply chain?"

ADNOC is venturing into oil trading as part of an international expansion aimed at securing new markets. In January, it signed agreements worth \$5.8 billion with Italy's Eni and Austria's OMV covering refining and a new trading venture to sell refined products jointly.

Over the past year, ADNOC has hired a raft of ex-Total traders, led by executive vice president Philip Khoury. The others include ADNOC's head of crude, Emmanuel de Reynies, head of products Lionel Richardson, and Jean Marc Cordier, Francois Chupin and Aegidia Schnepf.

Traders from other oil majors and trading houses also joined, including Suzanne Mullen, previously of BP and Citi. "These guys know how trading works, how benchmarking works," one of the sources said.

ADNOC has held talks with French energy company Total and trading house Vitol as part of its new crude oil pricing and trading overhaul, the sources said, while beefing up its in-house trading team.

Total and Vitol declined to comment.

One of the options is for ADNOC to team up with a large player whose worldwide storage facilities it would use.



Farhan Rashid, head of business of HMD Global Bangladesh; Iffat Zahur, marketing lead, and Raquibul Kabir, managing director of Union Group, attend the launch of Nokia 3.2 and Nokia 2.2 smartphones at Best Western La Vinci Hotel in Dhaka yesterday.

Record loan rescheduling at Social Islami Bank

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Quazi Osman Ali, managing director of SIBL, did not respond to The Daily Star's request for comment.

Between January and March, all banks rescheduled Tk 5,839 crore -- and 50.52 percent of the sum is attributed to SIBL.

Never before was such a big sum rescheduled in the first quarter of a year, when banks typically take it slow following largescale rescheduling in the previous quarter to show a flattering full-year performance.

"The wholesale rescheduling that is

taking place in the banking sector will have a serious negative impact later on," said Salehuddin Ahmed, a former central bank governor, adding that ongoing liquidity crunch is because of the rescheduling.

The central bank should have monitored the banking sector more strongly. In its absence the loan disbursement capability in many banks have eroded.

"The banking sector will have to face dire consequences if the central bank continues to maintain its silence on the matter," Ahmed added.

Non-RMG exports to thrive if incentives offered

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Bangladesh ranks 176th out of the 190 countries in the last edition of the ranking.

The government has taken initiatives to introduce one stop services at business promotion bodies, including the Bangladesh Investment Development Authority, the Bangladesh Economic Zones Authority, the Bangladesh Hi-Tech Park Authority, the Public-Private Partnership Authority, and the Bangladesh Export Processing Zones Authority.

"Within the next four to five months, the one stop services will be fully operational," the adviser said.

M Masrur Reaz, a senior economist at the World Bank Group, said Bangladesh would face challenges in the field of competitiveness after graduating to the

developing nations' category.

"For this reason, preparation should be taken to overcome the challenges and upgrade the quality of products and move to high value items."

He said the garment sector has remained almost unchanged for the last 40 years. It is high time to shift to high value products as part of export diversification.

Saiful Islam, president of the ERF, said Bangladesh has progressed a lot in terms of export volume, but the number of export items is very limited. "We need more efficiency and more entrepreneurs for export diversification. We also need skilled workforce."

Hosna Ferdous Sumi, a private sector specialist of the World Bank Group, and SM Rashidul Islam, general secretary of the ERF, also spoke.



Salman F Rahman, the prime minister's private industry and investment adviser, speaks at an orientation on "Export Diversification for Economic Growth in Bangladesh" organised by Economic Reporters' Forum (ERF) and Bangladesh Investment Climate Fund-II at the former in Dhaka yesterday. Story on B1

New vice chairman for UCB

STAR BUSINESS DESK

Bazal Ahmed has recently been elected as vice chairman of United Commercial Bank.

The election took place at the bank's 439th board meeting, according to a statement.

He is also a member of the bank's executive committee.

Ahmed is the managing director of Taj Accessories (Pvt.) Ltd and Saikat Textile and the proprietor of Taj Trading.

GP, Robi to get back bandwidth

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Earlier in last week, the telecom regulator refrained from receiving mobile operators' various payments for the April-June quarter -- amounting to about Tk 1,000 crore -- after the latter declined to include the associated VAT in the sum.

The mobile operators said they will furnish their payments without VAT and when the BTRC gets its VAT registration they will pay the VAT then.

At the meeting, Joy also directed Teletalk to evaluate the investment proposals it has received from international agencies and take the best possible action.

Export target to be 15pc higher: Munshi

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"We will be greatly benefited from these two markets. Our bargaining capacity with the existing buyers will also improve if we can grab those markets."

The minister also expects a massive export growth of leather and leather goods this year.

"We want more export earnings. We have been diversifying both the export destinations and products for more export," said Md Mofizul Islam, secretary to the commerce ministry.

Regarding the EU markets, the biggest export destination for Bangladesh, Islam said the local exporters have been facing some problems in quality issues in the EU.

The government has been trying to improve the quality of exportable goods, especially of leather and leather goods and footwear. "We hope the EU market will

grow a lot in the near future," he said.

About the signing of free trade agreements, he said, "We will have to think a lot before signing anything. We need to improve our capacity so that we can also benefit from the signing of the FTA."

The government is evaluating signing FTAs with some countries like China, Malaysia and India, he added.

Bangladesh's export to the main markets like Germany, the US and some Asian countries registered a significant growth in the immediate past fiscal year, said Tapan Kanti Ghosh, additional secretary to the commerce ministry.

The signing of FTA between Vietnam and the EU might not be a big threat for Bangladesh as the country has been enjoying the zero duty benefit to the EU till now. Bangladesh will continue to enjoy such benefit to the EU until 2027, he said.

TCB sales to rein in onion prices

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"I always hold talks with businesspeople and ministry officials so that the prices of basic commodities remain at a tolerable level," he added.

Md Mofizul Islam, secretary to the

commerce ministry, acknowledged efforts of the section of the unscrupulous traders.

"We give assurances that there is a lot of stocks, still the consumers buy a lot of goods at a time, pushing the prices up in the local markets," he said.

Bar on mutual funds to give stock dividend

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Bangladesh Securities and Exchange Commission took the decision in a meeting held in the commission building in Dhaka.

The commission has also said the sponsors of the closed end mutual funds,

which shall liquidate within a certain period, will have to hold their unit for at least one year from the fund formation date.

The sponsors will have to have at least 10 percent of their primary holding until its liquidation.

Anil Gautam, business head at Wipro UNZA Overseas; Tony R Supiah, group export manager; Shrayas Saranathan, country manager at Wipro UNZA, India; Kazi Ziaul Hasan, managing director at SMV Consumers, and Mizanur Rahman, managing director at Zimi Distribution, attend the launch of Romano, an international male grooming brand from Vietnam by SMV Consumers, at The Daily Star Centre in Dhaka yesterday. The SMV UNZA has come together with Malaysian WIPRO UNZA, which markets Romano worldwide. Romano will be distributed by Zimi Distribution in Bangladesh.



ROMANO

Auto union vows to look closely at Ford-VW alliance

AFP, Detroit

The United Auto Workers said Monday it will take a close look at the Ford's alliance with the Volkswagen as the union opens contract negotiations with major American automakers this week.

And even as Ford and other companies face a more difficult landscape in transitioning to electric and autonomous vehicles, UAW President Gary Jones said the union also will press for workers to get a greater share of the companies' solid profits.

During the traditional handshake that marked the opening of talks with Ford, Jones was wary of the expanded alliance that the US and German automakers announced last week.

"As all are aware, Volkswagen was not friendly to the UAW in Chattanooga and we will look very hard and with great concern at any alliance with them or any other non-labor friendly company," Jones said.

"I'm sure more will come on this front." The UAW is smarting from its narrow loss at a VW plant in Chattanooga, Tennessee where it was attempting to organize some 1,700 workers, where a shift of 29 votes could have changed the outcome.

Jones also emphasized that the union was expecting to make economic gains in the upcoming bargaining with Ford, General Motors



Ford President and CEO Jim Hackett (R) and Volkswagen AG CEO Herbert Diess attend a news conference in New York City.

and Fiat Chrysler Automobiles.

"I have heard loud and clear -- at every Ford plant and local visit -- that they expect to share in the profits that their hard work and dedication have made possible," he said. "We're seeing record profits for our American companies but, sad to say, those gains aren't translating to our workers' gains."

Jones noted that the "Big 3" automakers are out-earning the

competition. "You have the home field advantage that our members built," and yet workers are being forced to take concessions while jobs have been offshored to Mexico and China where they earn lower wages.

Joe Hinrichs, Ford executive vice president and head of the company's automotive operations, said the UAW could have a role in Argo AI, the autonomous driving unit.

Stock investors want BSEC chair to resign

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Sea Pearl Beach Resort & Spa, which debut on the day, dominated the turnover chart with 50.13 lakh shares worth Tk 15.41 crore changing hands, followed by Fortune Shoes, Brac Bank, Bangladesh Shipping Corporation, and Sinobangla Industries.

The five-star hotel was the day's best performer with a 269 percent gain, while First Finance was the worst loser, shedding 10 percent.

Chattogram stocks also rose with the bourse's benchmark index, CSCX, increasing 49.31 points, or 0.59 percent, to finish the day at 9,537.30.

Gainers beat losers as 152 securities advanced, 89 declined and 27 finished unchanged on the Chittagong Stock Exchange.

The port city bourse traded 68.92 lakh shares and mutual fund units worth Tk 16.44 crore.