
ISLAMI BANK BANGLADESH

**JQM Habibullah, deputy managing director of Islami Bank Bangladesh, and Md Shafiqul Islam, general manager (sales and marketing) of US-Bangla Airlines, exchanged signed documents of a memorandum of understanding regarding corporate facilities at Islami Bank Tower yesterday. Mohammed Monirul Moula, managing director and CEO of the bank, Muhammad Qaisar Ali and Md Omar Faruk Khan, additional managing directors, Md Mahboob Alam, senior executive vice president, Md Mizanur Rahman Bhuiyan and Miftah Uddin, executive vice presidents, and Abdullah Al Mamun, managing director of US-Bangla Airlines, were present.**

# Oil slips as weak US jobs report gives 'reality check'

REUTERS, *New York*

Oil prices fell on Friday after a weaker than expected US jobs report indicated a patchy economic recovery that could mean slower fuel demand during a resurgent pandemic.

Losses were capped by concerns that US supply would remain limited in the wake of Hurricane Ida, which cut production from the US Gulf of Mexico.

Brent crude futures settled lower by 42 cents, or 0.58 per cent, at $72.61 a barrel. US West Texas Intermediate (WTI) crude futures were down 70 cents or 1 per cent, at $69.29. Both benchmark oil contracts were largely steady for the week with US crude up 0.80 per cent.

"Prices slipped on the employment report which was clearly impacted by the Delta variant," said John Kilduff, a partner at Again Capital in New York. "This was a reality check that the coronavirus is still impacting demand," he added.

Non-farm payrolls missed expectations with an increase of 235,000 jobs amid a softening in demand for services and persistent worker shortages as Covid-19 infections soared. Economists polled by Reuters had forecast non-farm payrolls would increase by 728,000 jobs.

Meanwhile, oil and gas production in the US Gulf of Mexico remained largely halted in the aftermath of Hurricane Ida with 1.7 million barrels or 93 per cent of daily crude output suspended, according to offshore regulator the Bureau of Safety and Environment Enforcement.

"I would expect production to come back online in the course of the next week, verses refineries coming back online over the next two weeks," said Bob Yawger, director of energy futures at Mizuho in New York.

The lag in refinery restarts could cause an uptick in crude supplies, weighing on the market. Some analysts see room for further price gains after the Organization of the Petroleum Exporting Countries and allies, known as OPEC+, stuck to a plan to add 400,000 barrels per day (bpd) to the market over the next few months.

# China's services activity slumps into contraction

REUTERS, *Beijing*

Activity in China's services sector slumped into sharp contraction in August, a private survey showed on Friday, as restrictions to curb the Covid-19 Delta variant threatened to derail the recovery in the world's second-biggest economy.

The Caixin/Markit services Purchasing Managers' Index (PMI) fell to 46.7 in August from 54.9 in July, plunging to the lowest level since the pandemic's first wave in April 2020. The 50-point mark separates growth from contraction on a monthly basis.

The grim readings in the private survey, which focuses more on smaller firms in coastal regions, tally with findings in an official survey earlier this week which also showed growth in the services sector slipped into contraction.

China's services sector was slower to recover from the pandemic than manufacturing, but has been helped by a gradual improvement in consumption in recent months.

The country appears to have largely contained the latest coronavirus outbreaks of the more infectious Delta variant, with just one locally transmitted case reported on Sept. 1 after several days of zero cases.

But it spurred authorities across the country to impose measures including mass testing for millions of people as well as travel restrictions of varying degrees in August, hitting especially the catering, transportation, accommodation and entertainment industries.

**People enjoy their meal at a restaurant following an outbreak of the coronavirus disease in Beijing, China.** REUTERS/FILE

"Service costs were still under great pressure amid elevated labour and transportation costs amid the Covid-19 resurgence," said Wang Zhe, senior economist at Caixin Insight Group.

Sub-indexes for new business, prices charged, and employment in the Caixin survey all contracted in August. New export business rose.

"Sluggish market demand limited businesses' bargaining power, causing prices charged by service providers to slip after a month of growth," said Wang.

Rooms that were originally 300-400 yuan are now discounted to around 200 yuan and "still no one is coming," said the manager of a hotel in Zhangjiajie, Hunan province, one of the hotspots of the August epidemic.

"Delta is so terrible, people don't want to go out."

Some extra business over national holidays in the rest of the year won't make up for the loss of the summer vacation period, he said.

Business owners in areas with few virus cases were also hit.

"Inter-provincial flight-plus-hotel travel packages didn't resume until mid-August, which had a pretty big impact on business - now the peak season's already passed," said a bed and breakfast owner in Sanya, in the southern island province of Hainan.

An index of business confidence in the Caixin survey fell slightly from July but remained at a high level.

Caixin's August composite PMI, which includes both manufacturing and services activity, fell to 47.2 from July's 53.1.

# Italy probes sale of military drones group to Chinese investors

REUTERS, *Milan*

The Italian government of Mario Draghi has opened an inquiry into the sale of a company making high-tech drones for the armed forces to Chinese state-owned investors three years ago, a source close to the matter said.

Rome wants to verify whether the sale of a 75 per cent holding in Alpi Aviation, based in northern Italy, had to be notified to the government under the so-called golden power regulation, the source said on Friday, asking not to be named.

Lawyers for Alpi Aviation said the company had complied with all rules in the sale.

Rome has special vetting powers to block unwanted bids from non-EU suitors in industries deemed of strategic importance like defence, energy and telecoms.

This latest development shows how easy it is for changes in corporate ownership to go under the radar at a time when pressure is rising in the United States and Europe to monitor potential risks to national security from Chinese investors.

The government may impose penalties or in the most serious case invalidate the sale, the source said.

On Thursday the Italian finance police said six people were under investigation in a case for allegedly breaching rules on the sale of military material as well as golden powers.

The police, which did not name the company involved, said a 75 per cent stake had been bought through an offshore company by "two important Chinese state-owned companies."

# US Gulf Coast oil industry struggles with uneven Ida recovery

REUTERS, *Houston*

The engine of the US offshore energy production struggled to recover from Hurricane Ida on Friday as a lack of crews, power and fuel left most Gulf Coast oil and gas output offline five days after the storm passed.

Ports were reopening, crews returning to offshore facilities and some pipelines restarted as companies completed post-storm evaluations. But getting oil flowing again was more difficult as damage at hubs slowed larger facilities. A lack of power onshore kept some refiners sidelined.

About half the originally evacuated platforms remained unoccupied and 93 per cent of oil production and 89 per cent of natural gas was offline, government data showed. Some wells in the Gulf of Mexico, which accounts for about a fifth of US output, could be shut for weeks, analysts said.

The White House sought to ease worries about regional fuel shortages by providing a combined 1.8 million barrels of crude oil from the nation's Strategic Petroleum Reserve (SPR) to refiners' Exxon Mobil and Placid Refining Company to produce petrol.

An offshore transfer station that funnels oil and gas from three large oilfields remained shut on Friday. Some 1.7 million barrels of oil and 1.99 billion cubic feet natural gas output were offline, government data released on Friday showed.

The Louisiana Offshore Oil Port, the primary US deepwater export terminal near where the storm made landfall, also remained closed, according to its website. A prolonged outage could hamper US crude oil exports to Asia, said analysts.

"Refiners might resort to the SPR to request crude as Exxon did if pipelines from the Gulf are not ready" by mid-month, said Robert Campbell, head of oil products research at consultancy Energy Aspects. "This is going to be a long recovery." Chevron said none of its platforms were damaged and it returned workers to all six by Friday. Two offshore pipelines operated by Enbridge were ready to return to service.

But Royal Dutch Shell, the largest Gulf of Mexico oil and gas producer, said it has recovered just 20 per cent of usual production.

Ida damaged an offshore facility called West Delta-143 that connects three large oil basins accounting for an eighth of the Gulf's oil production, Shell said. The extent of damage was not immediately clear.

"Shell's West Delta situation is an indication of how slow recovery will be this time," said Aaron Brady, an analyst with consultancy IHS Markit. "We can expect that a significant amount of oil is likely to be offline for some time, possibly weeks." Damages to offshore oil facilities could cost insurers about US$1 billion, estimated CoreLogic.

Most Louisiana ports have reopened, including the Port of New Orleans, while Port Fourchon, an offshore resupply hub, reopened on Thursday for daylight operations only. Extensive damage at Port Fourchon were affecting deliveries to offshore platforms, analysts said.

Louisiana's largest utility Entergy Corp late Friday took steps to remove transmission lines in the Mississippi River blocking vessels from reaching oil refineries west of New Orleans. The company did not immediately reply to requests for comment on the effort.

REUTERS/FILE

**The Shell Norco manufacturing facility is flooded after Hurricane Ida pummeled Norco, Louisiana, US on August 30.**


NRB BANK

**Mamoon Mahmood Shah, managing director and CEO of NRB Bank, inaugurated a sub-branch at Banasree of Dhaka recently. Oli Ahad Chowdhury, head of retail banking, was present.**

# Knot so true

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This was risky and it meant that RSC would dip in the credibility ranking.

Although this part of external gatekeeping was difficult for the industry to accept and reconcile with, the industry just stayed quiet and hoped for a more amicable outcome.

On August 25, 2021, the brands and unions reached a legally binding agreement, which states that RSC would be an independent entity and that through this agreement, brands would remain committed to support RSC and through this instrument, the Accord could go global.

Quite rightfully, many concerns were raised right after that. Why would the press release from Accord Foundation still have the old name: Stichting Bangladesh Accord Foundation, and why would it continue to directly or indirectly interfere or monitor RSC?

Although the word 'monitoring' does not really feature in the document, stresses on many articles and protocols stipulated in that document, which are also in RSC and are going through extensive scrutiny, continue to raise eyebrows.

So, the industry has a right to ask why would not the Foundation talk about a better price when a 2.35 per cent price decline is plaguing the sector?

Why, during an unrest, is there no solid dispute resolution mechanism in place where unions play an effective part? Most importantly, why would all fingers always point to industry?

The RSC is funded by brands, but from this year, one-fifth of the costs will also be borne by the industry. This participation will increase with time. With an organisation that has inherited all the human resources of the Accord and with nearly nothing changing, why would there be still talk about monitoring RSC, especially when all three stakeholders: brands, unions and industry, are all there in equal capacity, mandated to reach all decisions by consensus.

The concept of gatekeeping must change. No party can ever be bound by agreements or threats.

Brands will place business in good faith; manufacturers will comply with the terms of contract and deliver the goods seamlessly against a reasonable price and workers rights will be upheld. The concept of common good is clear.

Today, when remediation in Bangladesh garment factories stands at over 90 per cent with the industry having spent more than $1.5 billion to import fire equipment, why would the motive of the industry be perennially questioned? Is it not remediation for our own benefit? Is it not true that without compliance, most factories would be out of business?

Let this be clear: it is for the industry's own advantage that the industry itself will be cooperating with RSC.

Brands will also choose the compliant factories for their own reputational risk. It is also for the unions to protect the rights of workers without the confrontational angle.

Brands must commit to better sourcing practices, unions must also commit to transparency in dispute resolution, and factories must commit to upholding the highest level of safety and security for their workers.

The responsibilities of every constituency are clear today.

Blame is now a dead game. All must comply and gatekeeping must not be the burden of only one single constituency.

This is for the first time in history that unions, brands and industry have come together.

Therefore, bilateral agreements between the brands and unions must not mar the pace, break the trust or jeopardise the entire concept of mutual respect, understanding and independence, upon which the foundation of RSC lies.

*The author is a former president of the Bangladesh Garment Manufacturers and Exporters Association.*