India may buy discounted Russian oil, commodities

REUTERS, *New Delhi*

India is considering taking up a Russian offer to buy its crude oil and other commodities at discounted prices with payment via a rupee-rouble transaction, two Indian officials said, amid tough Western sanctions on Russia over its invasion of Ukraine.

India, which imports 80 per cent of its oil needs, usually buys about 2 per cent to 3 per cent of its supplies from Russia. But with oil prices up 40 per cent so far this year, the government is looking at increasing this if it can help reduce its rising energy bill.

"Russia is offering oil and other commodities at a heavy discount. We will be happy to take that. We have some issues like tanker, insurance cover and oil blends to be resolved. Once we have that we will take the discount offer," one of

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the Indian government officials said.

Some international traders have been avoiding Russian oil to avoid becoming entangled in sanctions, but the Indian official said sanctions did not prevent India importing the fuel.

Work was ongoing to set up a rupee-rouble trade mechanism to be used to pay for oil and other goods, the official said.

The officials, who both declined to be identified, did not say how much oil was on offer or what the discount was.

The finance ministry did not immediately reply to an email seeking comments.

Russia has urged what it describes as friendly nations to maintain trade and investment ties. India has longstanding defence ties with Russia and abstained from a vote at the United Nations condemning the invasion, although New Delhi has called for an end to the violence.

Russia's Surgutneftegaz allowed Chinese buyers to receive oil without providing letters of credit (LC) payment guarantees in order to bypass sanctions, sources told Reuters.

A farmer holds cotton produced at a field in Dhularkuti village in Phulbari upazila of Kurigram recently. Growers are happy as cotton farming has become profitable this year since they are getting 50 per cent higher price.

PHOTO: S DILIP ROY

Cotton growers in Rangpur beaming as prices rise

S DILIP ROY

Cotton growers in the Rangpur region are elated thanks to the increase in the price of the key textile raw material buoyed by rising demand, which is expected to encourage the farmers to expand acreage by manifold in the coming years.

According to the sources at the Cotton Development Board (CDB), 7,200 farmers in the eight districts of the division have grown cotton on 2,400 hectares of land this year. This is an increase from 6,600 farmers who grew the crop on 2,200 hectares last year.

Higher acreage and yield have pushed up output: Cotton production stood at 6,056 tonnes in 2021 and the government has targeted to produce 7,200 tonnes this year.

In terms of bales, the output of cotton fibre totalled 14,421 bales in 2021, whereas about 17,140 bales can be obtained from the crop produced this year. Some 480 pounds, or 218 kilogrammes, make a bale.

The increase in production has been driven by the price hike of cotton.

Prices have been better in the last two years, both in global and local markets, and it is expected that the higher rate will continue in the near future as demand is rising.

In 2021, each maund, or 40 kgs, of cotton was sold at Tk 2,400 in the local market. The government has set the price at Tk 3,600 this year, up 50 per cent.

Hazrat Ali, a cotton farmer in Dhularkuti village in Phulbari upazila of Kurigram, has cultivated cotton on two bighas of land.

He has got 11 maunds of cotton from one bigha and hopes to harvest the same amount from the remaining piece of land, whereas yield totalled 18 maunds last year.

It costs Tk 10,000-Tk 11,000 to grow cotton in each bigha of land.

"Last year, I sold cotton at Tk 2,400 a maund. This year, I am selling it at Tk 3,600. We are benefiting from the higher yield and price," Ali said.

Thanks to the higher price, he plans to cultivate the crop on eight bighas of land in 2023.

Abdur Rahman, another farmer in the same village, received 18 maunds of cotton from 1.5 bighas of land this year. The production cost was Tk 17,000 in total. He has sold the crop at Tk 3,600 per maund.

He thanked the CDB for helping farmers to secure bank loans at a lower interest rate and extending assistance to grow the crop.

Rahman has also decided to expand cotton cultivation to five bighas next year.

Nazrul Islam, a farmer in Barabari village of Lalmonirhat sadar upazila, had given up cotton cultivation as it did not fetch the expected profit. Now he has decided to return to cotton farming from next year as the price has gone up.

Azizul Haque, a cotton grower in Kurashaferua village in Phulbari upazila, says they had not been able to make much of a profit from cotton cultivation in the past, but they are benefiting from the higher price this year.

He has produced 21 maunds of cotton on two bighas at a cost of Tk 22,000. He has sold 15 maunds of the crop.

"If the price remains at the higher level, many farmers will be interested in cotton cultivation and will be able to play a key role in meeting the demand of the item in the country."

Bangladesh managed to produce nearly 1.76 lakh bales of cotton in the fiscal year of 2020-21, which is marginally down from 1.77 lakh bales the previous year, CDB data showed.

Local production accounts for nearly one per cent of the total annual consumption of the key textile raw material of 90 lakh bales. So, the rest of the demand is met through imports, costing Bangladesh about Tk 30,000 crore annually.

Lutfar Rahman, cotton unit officer of the CDB in Rangpur, says both cotton production and prices have increased.

"Farmers are keen on cultivating the crop thanks to the bank loan facility. We have also extended assistance to farmers on farming methods as well as technical support."

According to the official, the Rangpur region has a huge potential to grow cotton. "So, we are urging farmers to cultivate it," he said, adding that cultivation of cotton increases the fertility of the land.

Md Fazle Rabbi, chief of the CDB in Rangpur, says currently cotton farming is profitable, so farmers are interested.

"There is a possibility that cotton acreage will expand manifold next year. If cultivation goes up, the reliance on cotton imports will decrease and this will benefit the country and the farmers."

Govt-traders talks key to smooth commodity supply

Says executive director of ACI Logistics

MD ASADUZ ZAMAN

The government should immediately sit with businesses to ensure smooth commodity supplies to domestic markets, thereby containing inflationary pressure on common people, said Sabbir Hasan Nasir, executive director of ACI Logistics.

"The government should immediately sit with traders, especially those who are directly involved with imports and warehousing, and manufacturers to understand the actual market situation," he told The Daily Star in a phone interview recently.

Nasir made this call at a time when prices of various essential commodities are going up, forcing many people with limited and low income to ration consumption.

For example, the price of edible oil has shot up for multiple reasons such as a curb on exports by Indonesia and dry weather in the major soybean producing and exporting countries of Brazil and Argentina.

The ongoing Russia-Ukraine war further exacerbated the situation and some other commodities, namely wheat, started to become dearer locally as both countries are big global suppliers of the grain.

Bangladesh imports over three-fourth of its wheat and edible oil because of limited domestic production.

"The government should immediately sit with traders, especially those who are directly involved with imports and warehousing, and manufacturers to understand the actual market situation."

Nasir said Shwapno, one of the country's largest supermarket retail chains run by ACI Logistics, continues to closely monitor prices and put in the effort to keep product costs within an affordable range for consumers.

"We mainly focus on the middle-class people as we can bring them in at our prices and reduce the pressures on them. However, the whole thing is not in my hands as I am only a tiny part of the huge market," Nasir said.

"As a consumer centric brand, we always try to stay on the consumers' side while maintaining a balance with others," he added.

He said a quota had been brought about in the over 200 Shwapno stores to prevent panic buying of soybean oil.

"We have no other way than controlling panic buying," Nasir said.

The government recently conducted several drives across the country to prevent stockpiling of edible oil.

Nasir welcomed the initiative but urged for analysing the situation properly so that panic does not spread among traders.

He also urged the government to maintain conditions such that retail chains can make purchases of products at just prices.

He said when inflationary pressure arises for price hikes, non-brand retails exhibit a tendency to be opportunistic, motivated by the scope of generating exorbitant profits in a short period of time.

For brands, business was to be embarked upon for the long term through the expansion of the customer base. Such situations also create the opportunity for them to gain customer confidence, he said.

European financial institutions turn their back on Russia

REUTERS, *Frankfurt*

Deutsche Bank reversed course and said it would pull out of Russia completely while the London Stock Exchange suspended all its services in the country as Western governments impose sanctions over the invasion of Ukraine.

Deutsche, which had faced stinging criticism from some investors and politicians for its ongoing ties to Russia, said late on Friday that it would wind down its business there.

The surprise move puts the German lender alongside major US banks Goldman Sachs and JPMorgan Chase, which exited Russia after the February 24 invasion, and will add to pressure on rivals to follow in severing ties.

Deutsche had argued that it needed to support multinational firms doing business in Russia. But on Friday evening in Frankfurt, the bank suddenly reversed course.

"We are in the process of winding down our remaining business in Russia while we help our non-Russian multinational clients in reducing their operations," Deutsche said.

"There won't be any new business in Russia." Insurer Zurich no longer takes new customers in Russia and will not renew existing business, a spokesperson told Reuters on Monday.

Asset managers have also said they will not make new investments in Russia and many Russian-focused funds have frozen due to the inability to trade following Western sanctions and counter-measures by Russia.

Diplomatic efforts to end the war were gearing up

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This Saudi Aramco file handout photo taken on February 11, 2018 shows its oil and gas facilities in Dhahran in eastern Saudi Arabia.

PHOTO: AFP/FILE

UK urges Saudi Arabia to raise oil output

REUTERS, *London*

British Prime Minister Boris Johnson is trying to persuade Saudi Arabia to increase its oil output, a senior minister said on Monday, following reports that Johnson would travel to the OPEC heavyweight this week.

Saudi Arabia and the UAE have so far snubbed US pleas to use their spare output capacity to tame rampant crude prices which threaten a global recession after Russia's invasion of Ukraine.

Saudi ties with the West are strained over a range of rights issues including the Yemen war and the killing of Saudi journalist Jamal Khashoggi in the Saudi consulate in Istanbul in 2018.

The Times newspaper said that Johnson would travel to Saudi Arabia this week to try to persuade it to increase output, citing sources that said he had built good ties with the country's leadership.