Germany could shun Russian oil this year

REUTERS, *London*

Germany could end Russian oil imports this year, Chancellor Olaf Scholz said on Friday, signalling the urgency driving Europe's biggest economy to wean itself off energy from Russia following its invasion of Ukraine.

Scholz was responding to a journalist's question about whether he felt a sense of shame that EU countries were paying Russia billions of euros for fossil fuels. "We are actively working to get independent from the import of (Russian) oil and we think that we will be able to make it during this year," Scholz said during a news conference in London with British Prime Minister Boris Johnson.

Russian oil now accounts for 25 per cent of German imports, down from 35 per cent before the invasion

The European Union this week approved new sanctions against Russia, including a ban on coal imports starting in August. Germany has intensified efforts to reduce its exposure to Russian energy imports following Russia's invasion of neighbouring Ukraine on February 24.

Moscow calls its offensive a "special military operation" to demilitarise its neighbour. Ukraine and Western supporters call that a pretext for an unprovoked invasion.

Russian oil now accounts for 25 per cent of German imports, down from 35 per cent before the invasion, and gas imports have been cut to 40 per cent from 55 per cent. Russian hard coal imports were down to 25 per cent from 50 per cent before the invasion.

A stoppage of Russian gas imports is tougher for Germany, which in the first quarter received 40 per cent of deliveries from Russia. Germany wants to cut the share of Russian gas to 24 per cent by this summer. But it could take until the summer of 2024 for Europe's largest economy to end its reliance on Russian gas.

"We are actively working to get independent from the necessity of importing gas from Russia," Scholz said.

Sacks of onion are seen being arranged for disbursement among traders after being unloaded from trucks at a wholesale market in Sujanagar upazila of Pabna. Farmers in the region are reeling from low prices for the crop, which has thrown doubt on their ability to recover production costs.

PHOTO: AHMED HUMAYUN KABIR TOPU

Onion farmers in a tight spot for poor prices

AHMED HUMAYUN KABIR TOPU *and* SUZIT KUMAR DAS

Although onion prices were excessively high just one month ago, farmers in Pabna are now struggling to recover production costs due to a supply glut following this year's harvest.

Onions previously cost Tk 60-65 per kilogramme (kg) in Dhaka but prices quickly dropped to Tk 25-35 per kg as of yesterday after farmers began harvesting the bulb at the end of March.

Officials of the Department of Agricultural Extension (DAE) say the low prices are a result of increased supply in wholesale markets while farmers blame the lack of storage facilities for their loss.

Md Kamruzzaman, an onion farmer of Durgapur village in Sujanagar upazila, said he cultivated onions on 70 bighas of land this year to produce more than 2,500 tonnes of the crop.

"But since I have no space to store such a huge amount, I was bound to sell at low prices," he added.

Kamruzzaman sold his onions for about Tk 38-40 per kg during the harvesting season (March-April) in 2021 but this year, the bulbs are going for just Tk 15-23 per kg.

"I spent about Tk 30,000 to cultivate each bigha but I am earning a maximum Tk 26,000 in return," he said.

The situation is similar in Faridpur upazila, where farmers saw bumper yields but remain discontent with poor market prices.

According to DAE officials, a total of 40,079 hectares of land in nine upazilas of the district were brought under onion cultivation this year.

"Farmers got bumper production this year despite the untimely rain that prevented some from planting the crop," said Hazrat Ali, deputy director of the local DAE office.

Most farmers agree that they are having to sell the crop at minimum prices since they have nowhere to store it otherwise.

Montu Khan, an onion farmer of Ulat village in Sujanagar upazila, said it costs him about Tk 27 to produce one kilogramme of onion which can be sold for just Tk 19 in the current market.

Onions previously cost Tk 60-65 per kilogramme depending on quality but prices quickly dropped to Tk 25-35 per kg as of yesterday after farmers began harvesting the bulb at the end of March

"Besides, I am forced to sell them cheap as onions swell up and crack if they are not properly stored," Khan added.

Similarly, DAE officials say onion prices are low as farmers are now bringing the crop en masse to wholesale markets amid the harvesting season.

"After harvesting the crop, most farmers bring it to wholesale markets and so, prices have fallen in the face of increased supply," said Md Mizanur Rahman, deputy director of the Pabna DAE.

Traders of the Sujanagar wholesale market said a minimum of 7,000 tonnes of onions are coming to the market each day amid the ongoing harvesting season.

However, another reason behind the low onion prices is the fact that the government is allowing imports of the bulb despite sufficient domestic supply, according to Shahadat Hossain, senior marketing officer of the Pabna DAE.

Md Bachchu Mollah, a farmer of Chilerkandia village under Saltha upazila, said he heard the government imported onion from different countries and that's why prices are poor in the local market.

"No one thinks about us," he added.

The previously soaring onion prices are what had inspired farmers to cultivate more of the crop and they enjoyed bumper production this year thanks to good weather, said Mizanur Rahman, deputy director of the Pabna DAE.

Pabna accounts for more than 35 per cent of the onions produced all over Bangladesh.

Many farmers are storing onions in their homes but it is not a commercially viable solution and so, most of them are selling their crop at low prices, Rahman said.

He went on to say that they are working to establish an onion storage facility in the region.

"We plan to build an onion storage unit here in Pabna, the country's biggest onion producing hub. The matter has already been discussed in parliament," he added.

Apparel diplomacy gains momentum

FARUQUE HASSAN

When we speak of diplomacy, political issues and conflicts usually come to mind. Economic issues, however, are equally important. Some would even argue that they are even of greater importance. Why? Because most of the bilateral and multilateral cooperation revolves around generating new business, facilitating established business and enhancing trade ties -- all key essential elements for the sustenance of a nation.

Since the readymade garment sector of Bangladesh is a significant export-oriented industry, diplomacy has an important and direct bearing on the sector's sustenance and overall growth. With competition growing worldwide, the role of a diplomatic service exclusively for the RMG industry has never been more urgent than it is today because of the imminent graduation of Bangladesh from the least-developed country (LDC) category to the grouping of the developing countries.

Ironically, the economic success of Bangladesh could become an enemy of sorts to itself because it will no longer be the underdog expecting or receiving special considerations. The RMG industry, in particular, has grown to become a world leader and requires a fresh approach to building on the success achieved.

Astute, planned and relentless diplomacy will go a long way in helping us retain and extend market access facilities in the post-LDC era. Besides, economic diplomacy is imperative for exploring new markets and new avenues for profitable growth.

With this understanding and vision in mind, the present board of the Bangladesh Garment Manufacturers and Exporters Association (BGMEA) has launched its own brand of economic diplomacy entitled 'apparel diplomacy' to meet the challenges ahead.

Astute, planned and relentless diplomacy will go a long way in helping us retain and extend market access facilities in the post-LDC era

The aim of apparel diplomacy is to leverage the power of diplomacy for the betterment of the industry and benefit the millions of Bangladeshis employed in the sector.

As part of the apparel diplomacy, we are striving tirelessly with our own professional team as well as through our missions abroad. With the support of our government, the BGMEA is making concerted efforts so that the RMG sector can achieve greater success. This will increase the industry's profits handsomely and bring greater prosperity to the nation.

In the first phase of the 'apparel diplomacy' concept, we toured the US and Canada. In the second phase, we toured three European countries - England, Belgium and Scotland. During these tours, we held meetings with stakeholders in the supply chain and apprised them of the sector's tremendous progress over the last decade and its limitless potential.

We also hammered home the message of what our partners in the supply chain can do to supplement the efforts of the manufacturers in safeguarding the interest of the sector.

In the third phase, we visited Belgium, Switzerland and the US.

One of the most significant aspects of the European tour was the first-ever official meeting by any delegation from the BGMEA with the Director-General of the World Trade Organisation (WTO) Ngozi Okonjo-Iweala. During

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Sri Lanka needs $3b to stave off crisis

REUTERS, *Colombo*

Sri Lanka will need about $3 billion in external assistance within the next six months to help restore supplies of essential items, including fuel and medicines, to manage a severe economic crisis, its finance minister told Reuters on Saturday.

The island nation of 22 million people has been hit by prolonged power cuts, with drugs, fuel and other items running short, bringing angry protesters out on the streets and putting President Gotabaya Rajapaksa under mounting pressure.

"It's a Herculean task," Finance Minister Ali Sabry said in his first interview since taking office this week, referring to finding $3 billion in bridge financing as the country readied for negotiations with the International Monetary Fund (IMF) this month.

The South Asian island nation will look to restructure international sovereign bonds and seek a moratorium on payments, and is confident of negotiating with bondholders for an upcoming $1 billion payment in July.

"The entire effort is not to go for a hard default," Sabry said. "We understand the consequences of a hard default."

JP Morgan analysts estimated this week that Sri Lanka's gross debt servicing would amount to $7 billion this year, with the current account deficit coming in around $3 billion.

The country has $12.55 billion in outstanding international sovereign bonds, according to central bank data, and foreign reserves of $1.93 billion at the end of March.

Protesters shout slogans against Sri Lankan President Gotabaya Rajapaksa near the Presidential Secretariat amid the country's economic crisis, in Colombo yesterday.

PHOTO: REUTERS

Chip crisis to last until 2024

Says official of Volkswagen

REUTERS, *Berlin*

Semiconductor chip supply is unlikely to be enough to completely satisfy demand again until 2024, Volkswagen Chief Financial Officer (CFO) Arno Antlitz said in an interview with German daily Boersen-Zeitung on Saturday.

He said that although bottlenecks would likely begin to ease towards the end of this year, with production returning to 2019 levels next year, this would not be enough to meet heightened demand for the chips. "The structural undersupply will likely only resolve itself in 2024," Antlitz said.

A lack of wire harnesses from Ukraine was also still causing some shifts to be cancelled, Antlitz said, even as the company was establishing new supplier relationships to source the component from other countries.