

Rouble firms past 57 vs dollar for first time in 4 years

REUTERS

The Russian rouble strengthened to levels not seen since March 2018 against the dollar on Tuesday, boosted by export-focused companies selling foreign currency to pay taxes and shrugging off a slight easing of capital controls.

The rouble has firmed about 30 per cent against the dollar this year despite a full-scale economic crisis in Russia, making it the world's best-performing currency.

The rouble is steered by capital controls imposed in late February to shield Russia's financial sector after Moscow's decision to send tens of thousands of troops into Ukraine prompted unprecedented Western sanctions.

At 1110 GMT, the rouble was 2.5 per cent stronger against the dollar at 56.36, hovering around this level for the first time in more than four years.

Against the euro, the rouble gained 3 per cent to 58.24, its strongest in seven years.

"The rouble's sharp gains again owed to tomorrow's looming deadline for 600 billion roubles (\$10.43 billion) in mineral extraction tax payments and the conversion of payment for gas exports into roubles," Sberbank CIB said in a note.

"We think the local currency may have trouble prolonging its recent rally, as selling activity among exporters may begin to decline."

The currency's strength has raised concerns about the negative impact on Russia's budget revenue from exports. On Monday, Russia cut the proportion of foreign currency revenue that exporters must convert into roubles to 50 per cent from 80 per cent.

Despite the slight relaxation in capital controls, the rouble could firm to 55 against the dollar in the near term, said Dmitry Polevoy, head of investment at LockInvest.

"Current levels could be used to open long positions in foreign currencies by mid- and long-term investors," Polevoy said. The rouble may return to levels of 60-65 against the dollar in June, Sinara Investment Bank said in a note.



Workers are seen welding together two sections of the 250-kilometre fuel pipeline between Chattogram and Dhaka. Being implemented at a cost of about Tk 3,172 crore, the project is scheduled to be complete by this December. The photo was taken in Sitakunda upazila of Chattogram recently.

PHOTO: RAJIB RAIHAN

DHAKA-CTG FUEL PIPELINE

Construction 50pc complete: officials

MD NAZRUL ISLAM, Chattogram

The installation a fuel pipeline from Chattogram to Dhaka is progressing at a brisk pace as about half of the work is already complete while the rest is expected to be complete by December, according to project officials.

The pipeline is being set up to facilitate direct shipments of fuel from Patenga in Chattogram to Narayanganj in Dhaka.

At present, fuel is transported from Chattogram to destinations across the country either by land or sea, said officials of the Bangladesh Petroleum Corporation (BPC).

In addition to the huge amount of related transport costs, fuel theft also happens every day.

Moreover, due to navigability issues in inland waterways, transporting fuel become particularly difficult during the dry season.

This disrupts the supply of fuel but if the project is implemented, the BPC could avoid these losses, they said.

The BPC officials went on to say that the project would facilitate the movement of 27-30 lakh tonnes of fuel directly from Chattogram to Dhaka each year while the capacity could be increased to 50 lakh tonnes later.

This will revolutionize the transportation of fuel, sources said, adding that with this, the long wait for safe fuel transportation will come to an end.

The BPC is implementing the project at a cost of about Tk 3,172 crore under the supervision of the 24th Engineer Construction Brigade of Bangladesh Army.

Colonel Jahangir Hossain, a project director, told The Daily Star that the project's deadline is in December.

"In the meantime, all the works will be completed and the pipeline will be made suitable for transporting fuel," he said.

All the pipes required for installing the 250-kilometre (km) pipeline have already reached the country while about 80 per cent of the other necessary equipment is here as well.

"We have completed the work of laying pipes in an area of 200 km. Pipe welding has also been completed in an area of 170 km. In all, the progress of the project is 50 per cent," Hossain added.

Project officials said the BPC started a feasibility study in 2015 on building a pipeline to transport fuel directly from Chattogram to Dhaka. Engineers India Limited was then hired as a consultant and after the feasibility study, a policy decision was taken to implement the

project in 2017.

In October 2018, the Executive Committee of the National Economic Council approved the project, called "Supply of fuel oil in the pipeline from Chattogram to Dhaka", at a cost of Tk 2,861.31 crore.

However, the development project proposal was revised in several phases and the cost now stands at Tk 3,171.85 crore.

Around 241.28 kms of pipes have been installed between Guptakhal area of Patenga and Godnail in Narayanganj via Feni, Cumilla, Chandpur and Munshiganj.

This pipeline, placed five feet below ground, has a diameter of 16 inches.

Besides, 8.29 kms of pipeline will be constructed from Godanail in Narayanganj to Fatulla. However, the diameter of these pipelines will be 10 inches instead of 16. The pipeline will run from Patenga to Fatulla, touching the bottom of 22 rivers and canals.

There are about 10 big rivers in the construction zone and at present, the work on installing pipes under two of them is pending. There will be nine stations across the entire pipeline and a new fuel depot will be set up in Barura upazila of Cumilla.

Engineer Aminul Haque, who is acting project director on behalf of the BPC, said work on the project to is progressing at a fast pace after overcoming various complications.

"It is scheduled to be complete by December this year," he said, adding that the implementation of this project will revolutionize fuel transportation in the country.

Feasible options for cross-border power trade with Nepal

KHONDAKER GOLAM MOAZZEM

On April 26, State Minister for Power, Energy and Mineral Resources Nasrul Hamid met with a Nepali delegation led by Pampha Bhusal, the energy, water resources and irrigation minister of the country.

According to a press release on the meeting, Hamid announced that Bangladesh and Nepal could consider bilateral trade of electricity where Bangladesh could export its surplus electricity to Nepal to meet its deficit in electricity and could import electricity from Nepal generated by hydroelectric projects during the summer season.

The proposal apparently indicates a good example of regional energy cooperation between Bangladesh and Nepal in partnership with India where the latter's transmission system needs to be used. However, the proposal needs further scrutiny to better understand the nature of energy cooperation between Bangladesh and Nepal and the level of partnership with India in this regard.

Nepal's options for cross-border energy trade
Nepal has recently turned to be in a state of energy surplus after it has long been an energy-deficient country. According to the White Paper 2018 of Nepal, Nepal had an electricity deficit of 377 megawatts.

However, after initiating the operation of the Upper Tamakoshi Hydropower Project (456 MW) in 2021, Nepal has now a surplus power of 500MW even during the peak time. Its total generation capacity stands at 2,000 MW, of which 1,900 MW, or 95 per cent of the total, is based on hydro-power.

It would be quite unfortunate if Bangladesh needs to import cheap renewable energy from neighbouring countries and export the electricity generated from expensive fossil fuels by bearing the burden of the capacity payment and the huge import bill

Nepal has already started trading a part of its surplus electricity (39 MW out of 500 MW) with the Indian energy exchange and is now pursuing exporting a part of its surplus electricity to a third country such as Bangladesh.

The amount of surplus electricity will rise further if Nepal becomes successful in making necessary investments to reach its target of additional power generation of 5,000 MW by 2025 and 15,000 MW by 2030. Thus, the case of Nepal to explore the third country to trade its surplus electricity has a valid reason. Under such circumstances, it is not sure whether Nepal would experience a deficit in power supply in the future. If not, the possibility for Bangladesh to explore the opportunity to export its surplus electricity to Nepal would be rather low.

Partnership with India in cross-border electricity trade between Bangladesh and Nepal
Being a land-locked country, Nepal's plan to export its electricity other than India requires India's close cooperation and partnership. According to the Central Electricity Regulatory Commission of India, the Indian authority is allowed to do cross-border trade where India is involved.

There is a specific provision of a tripartite agreement that allows the Indian authority

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India to restrict sugar exports

REUTERS, Mumbai

India plans to restrict sugar exports for the first time in six years to prevent a surge in domestic prices and could cap this season's exports at 8 million tonnes, government and industry sources told Reuters.

An announcement could come early next month, they said. Shares in sugar manufacturers slid on the news, with Dhampur Sugar Mills and Balrampur Chini each tumbling 5 per cent and Dwarikesh Sugar losing 6 per cent.

"Sugar output is going to be a record high, but stocks are depleting fast because of exports. Uncontrolled exports could create scarcity and local prices could spike during festive season," said a senior government official with knowledge of the matter who asked not to be identified.

Two of three sources said the government has planned a cap of 8 million while one official said the government is also exploring the option of a levy on exports to discourage overseas sales.

India's Ministry of Commerce and Industry did not immediately respond to a request for comment.

A cap of 8 million tonnes for the marketing year to end-September could result in a de facto ban for exports from May as dealers say mills have already contracted to export 7 million tonnes so far.

Based on March deals for around 1 million tonnes of exports, they estimate mills could sign contracts for another 1 million tonnes in April after global white sugar prices, jumped to a 5-year high on Thursday.

Lower output in top producer Brazil and firm oil prices which encourage mills to produce more sugarcane-based ethanol have spurred global price gains. Export curbs by India, the world's No. 2 sugar exporter, would likely further lift prices.



Roadside vendors sell sugarcane stalks at a market on the eve of a Hindu festival in Bangalore, India.

PHOTO: AFP/FILE

Sri Lanka hikes fuel prices to record high

AFP, Colombo

Cash-strapped Sri Lanka sharply hiked fuel prices to a record high on Tuesday, causing further pain to the country's 22 million people in its worst crisis since independence.

The South Asian island nation has suffered months of dire shortages and anti-government protests, which turned deadly earlier in May with at least nine people killed.

Energy Minister Kanchana Wijesekera said a newly appointed "economic war cabinet" on Monday approved the new rates to stem huge losses at the state-run Ceylon Petroleum Corp.

The price of diesel, commonly used in public transport, was raised from 289 rupees (\$0.80) to 400 rupees a litre, a 38-per cent jump, while the cost of a litre of petrol was increased from 338 to 420 rupees.

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