

Venezuela resumes oil export to EU after 2 years

REUTERS

A 650,000-barrel cargo of Venezuela's oil chartered by Italy's Eni is about to set sail carrying the first export of crude from the US sanctioned country to Europe in two years, Refinitiv Eikon data showed on Friday.

The US State Department sent letters to Eni and Spain's Repsol in May authorizing them to resume taking Venezuelan crude as a way to settle billions of dollars of unpaid debt and dividends owed by the OPEC-member nation.

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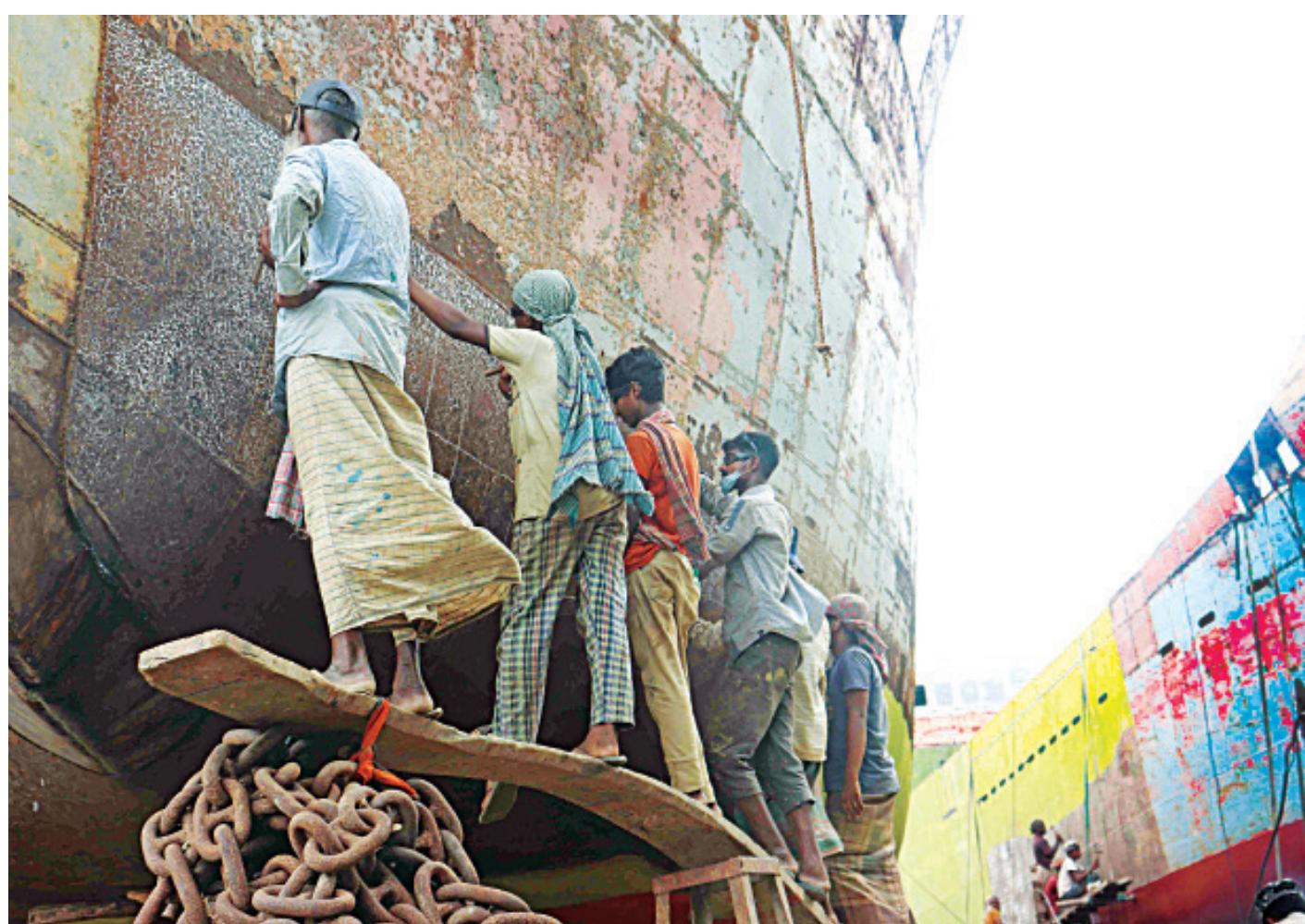
A second tanker chartered by Eni, the very large crude carrier (VLCC) Pantanassa, is currently navigating towards Venezuela and expected to load 2 million barrels of the same grade, diluted crude oil (DCO), and take it to Europe, according to the Eikon data and a shipping document seen by Reuters.

That cargo is expected to be delivered by Venezuela's state-owned PDVSA later this month with an option for Eni to sell a portion of the crude to Spain's Repsol for its Cartagena and Bilbao refineries, according to the document and sources.

The Malta-flagged Pantanassa is scheduled to load via ship-to-ship transfer near Venezuela's Amuay port, the document added.

Eni, Repsol and PDVSA did not immediately reply to requests for comment.

Venezuela's May oil exports plummeted to the lowest level in 19 months over contract changes enforced by PDVSA to switch most spot sales to prepayment, reducing the risk of unpaid cargoes.



Ship repairs and refurbishment are heavily dependent on manual labour, requiring five categories of workers, including welders, grinding and fitting specialists and painters. Hundreds of people make a living working in rudimentary dockyards along the banks of the Sandhya river in Pirojpur's Nesarabad upazila. Around 10 types of vessels are also built here, from iron trawlers to cargo boats, varying in length from 30 feet to 250 feet. The photo was taken last week.

PHOTO: HABIBUR RAHMAN

## Is recession the only way out of US inflation scourge?

AFP, Washington

A massive interest rate hike by the US Federal Reserve and promises of more to come are fueling warnings that the only offramp from the searing price hikes engulfing American families is a full-blown recession.

The Fed remains hopeful it can slow activity and demand, cooling the blistering pace of inflation, without derailing the world's largest economy. But skepticism is growing about the chances of success.

The central bank hiked the benchmark borrowing rate on Wednesday by three-quarters of a point, the biggest increase in nearly 30 years, and indicated a similar move is possible in July.

The super-sized rate increase came as the Fed faces intense pressure to curb soaring gas, food and housing prices that have left millions of Americans struggling to make ends meet and sent President Joe Biden's approval ratings plunging.

The central bank has raised the key rate 1.5 points since March, as the Russian

invasion of Ukraine and ongoing Covid-related supply chain issues combine to send prices up at the fastest pace in more than four decades.

Fed Chair Jerome Powell said a recession with job losses is not the goal, but bringing down inflation "expeditiously" is "essential" since that is vital to a healthy economy.

But Kathy Bostjancic, chief US economist at Oxford Economics, warned that "it becomes very difficult to thread that needle." The Fed will need a Goldilocks scenario where "a number of things fall into place and at the right time," she told AFP.

The healthy US labour market and strong consumer demand, helped by a beefy stockpile of savings, are working in the Fed's favour and could support activity even as the economy cools.

In the wake of the Fed decision, mortgage rates rocketed to their highest level in 13 years, with the average for a 30-year, fixed rate home loan reaching 5.78 percent.

Drivers still face gas prices at the pump

of more than \$5 a gallon, although for the first time in days, the national average fell on Wednesday, down from Tuesday's record.

"My colleagues and I are acutely aware that high inflation imposes significant hardship, especially on those least able to meet the higher costs of essentials like food, housing and transportation," Powell told reporters after the rate hike was announced.

The Fed's tools can only affect demand, but White House has been trying to push through legislation to lower prices directly.

Biden signed a shipping reform bill on Thursday that will allow the government to crack down on firms that have raised transport costs as much as 1,000 per cent -- which has ripple effects for many products.

The measure will "put a stop to shipping companies taking advantage of American families, farmers, ranchers and businesses and to bring down prices and give the American people a little bit of breathing room," he said at the White House.

## Tax reduction to discourage cash

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"If the effective tax rate declines in line with the reduction, we will be able to say it is a good move. Now, it is time to see the execution," said Naser, also the chief executive officer of Standard Chartered Bangladesh.

"For us, it is important that companies get the benefit of the corporate tax cut."

However, he says, companies will not benefit from the reduction if expenses are disallowed by taxman.

This is because if expenditures are disallowed, the amount is treated as the profit and thus taxed.

In this regard, Naser suggested the revenue administration cut the discretionary powers of tax officials.

He cited the NBR's

plan to disallow the contribution of companies to the Workers' Profit Participation Fund, saying disallowing such expenses would affect compliant firms.

It has multiple effects. The tax burden will increase significantly. This will be very detrimental to companies," he said, urging the tax authorities to reconsider promotional expenses.

Naser opposed the government's bid to offer unquestioned amnesty to legalise offshore properties and funds.

The FICCI disagrees with the proposal from the ethical point of view. We also believe that it is detrimental to compliant taxpayers and will encourage tax evaders to benefit from the lower income tax rate and take the money out

of the country in the next 12 months to avail the facility."

"This will put further pressure on the foreign exchange market."

While presenting the budget on June 9, the finance minister tabled the proposal for giving the taxpayers the opportunity to disclose their overseas assets without facing any question on the payment of 7 per cent to 15 per cent of tax, depending on whether the asset is movable or not and whether the asset would be repatriated to Bangladesh.

Speaking about the overall budgetary measures for the next fiscal year, Naser said, "Despite difficult times, the government has really tried to make the budget business friendly."

There are areas that need to be addressed, according

to the FICCI chief.

"The allocation for food security should have been increased this year."

At the same time, he said, the decision on the large and mega projects should be taken carefully since they carry downside implications.

"If projects are delayed, there will be cost overrun."

The banker urged the government not to defer the implementation of the projects related to job creation and connectivity since they will affect the industries that have been set up to support the schemes.

"You will have to think through to understand the implications of projects. And the cost should be reduced wherever possible because we need fiscal space to tackle challenges in this ongoing difficult period."

## Ukraine war

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remarks at the Saint Petersburg International Economic Forum.

Moscow's military action became a "lifeline" for Western countries "that allows them to blame their own miscalculations on others, in this case, on Russia," he added.

Driven by a spike in fuel prices, the United States and European countries have faced soaring inflation, with Britain predicting that inflation in the country could surpass 10 per cent this year.

Gas prices were also on the rise Friday, exacerbated by the decision by Russian energy giant Gazprom to slash deliveries to Europe, citing repair works.

Putin said that high energy prices "have been observed since the third quarter (of last year), long before the start of our operation in Donbas", adding that the price hikes were also the result of Europe's "failed energy policy".

Moscow's military campaign and unprecedented economic sanctions imposed on Moscow have also disrupted deliveries of grain and other commodities from Russia and Ukraine, resulting in food price rises.

But Putin said that Russia was not preventing ships loaded with grain from leaving Ukraine, instead blaming authorities in Kyiv for mining their ports, downplaying the significance of Ukraine's grain supplies.

Putin said the food and fertiliser shortage "threatens starvation primarily in the poorest countries."



Md Wakiluddin, chairman of Mutual Trust Bank Ltd, virtually presides over the 23rd annual general meeting of the bank recently. The meeting announced 10 per cent stock dividend for 2021. Md Abdul Malek, vice-chairman of the bank, Syed Manzur Elahi, founding chairman, Syed Mahbubur Rahman, managing director, Chowdhury Akhtar Asif, additional managing director, Malik Muntasir Reza, group company secretary, and Mohammad Nazmul Hossain, group chief financial officer, also attended the meeting.



Nilufer Zafarullah, chairman of the board of directors of Midland Bank Ltd, presides over the bank's ninth annual general meeting at its head office in Gulshan, Dhaka yesterday. The meeting announced 5 per cent cash dividend for 2021. Md Ahsan-uz Zaman, managing director of the lender, and Md Zahid Hossain, deputy managing director, were present.

PHOTO: MUTUAL TRUST BANK

PHOTO: MIDLAND BANK

## Germans turn to food banks

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Groceries, while donated, are still sold rather than given away free to the customers as the Tafel has to cover running costs, including rents and electricity. The organisation too has had to put up prices because their running costs have risen.

"It's not just one product," said 69-year-old pensioner Peter Behme. "All the prices are going up."

In a bid to ease the pressure on squeezed finances, the government has lowered taxes on fuel, drastically slashed the cost of public transport and

promised all taxpayers a one-off payment of 300 euros.

But Behme remains unimpressed. "I don't know where the government help is going," he said.

Even the food banks themselves are feeling the effects of the massive inflation.

"They have to pay for water, energy, food, hygiene products... That's almost nothing," she said.

Overwhelmed by the influx of customers, some food banks in Germany have had to turn away new arrivals or ration the food they distribute.

"We have been asking the government for a long

time for a law to force supermarkets to give away their unsold food," said Norbert Weich, 72, chairman of the food bank.

Some 16 per cent of Germans, or more than 13 million people, were living below the poverty line in 2020, according to a study by the charity Deutscher Paritätischer Gesamtverband, published in December 2021.

The federation of food banks has a resolution: as soon as we are no longer needed, we will disband," said Weich. "But I don't think it will be in my lifetime."

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## Mexico signs renewable energy deals with US firms

AFP, Mexico City

Mexico has made commitments with 17 US companies on clean energy generation, its president announced Friday.

After months of friction with business leaders, President Andres Manuel Lopez Obrador said the deals would generate 1,854 megawatts (MW) as the government scrambles to fight climate change.

## Bank of Japan keeps easing despite global rate hikes

AFP, Tokyo

The Bank of Japan on Friday stuck to its monetary easing policy even as other central banks raise interest rates to tame inflation, but said it would "pay due attention" to forex markets after the yen hit a 24-year low.

The bank will hold rates at minus 0.1 per cent and continue buying unlimited government bonds to maintain a low cap on long-term yields -- part of a decade-old plan to boost the world's third-largest economy.

The decision, announced after a two-day policy meeting, bucks a global monetary tightening trend aimed at battling sky-high fuel and food prices caused by the Ukraine war and supply chain snarls.

Rate hikes have been led by the US Federal Reserve, which this week announced its most aggressive increase in nearly 30 years and signalled more were in the pipeline.

**Ins premium can be paid thru bKash Brac Bank, Jiban Bima sign agreement**

STAR BUSINESS DESK

Brac Bank has signed an agreement with Jiban Bima Corporation to collect insurance premiums through the bank's subsidiary, bKash, and enable real-time accounts reconciliation through an application programming interface.

Tareq Refat Ullah Khan, deputy managing director of the bank, and Md Saiful Islam, managing director (additional secretary) of the insurer, inked the deal at The Westin Dhaka recently, said a press release.

Sheikh Mohammad Salim Ullah, secretary to financial institutions division at the finance ministry, Md Asadul Islam, chairman of the insurer, Selim RF Hussain, managing director of the bank, and Sheikh Md Monirul Islam, chief external and corporate affairs officer of bKash, were present.

**Technical, madrasa students to receive stipends thru Nagad**

STAR BUSINESS DESK

The Technical and Madrasah Education Division and Nagad recently signed an agreement over reaching stipends to students free of charge through the mobile financial service provider.

Md Moniruzzaman, additional secretary to the of Technical and Madrasah Education Division, and Md Shafayet Alam, executive director of Nagad, signed the agreement in Dhaka, said a press release. Md Akhteruzzaman, joint secretary, and Sabina Yasmin, senior assistant secretary, also attended the programme.