

Russia to restart gas export from Nord Stream 1 on schedule

REUTERS, Moscow

Russian gas flows via the Nord Stream 1 pipeline are likely to restart on time on Thursday after the completion of scheduled maintenance but at lower than its full capacity, two Russian sources familiar with the export plans told Reuters.

The pipeline, which accounts for more than a third of Russian natural gas exports to the European Union, was halted for ten days of annual maintenance on July 11.

The Russian sources, speaking on condition of anonymity because of the sensitivity of the issue, told Reuters the pipeline was expected to resume operation on time, but at less than its capacity of some 160 million cubic metres (mcm) per day.

Energy giant Gazprom cut gas exports through the route to 40 per cent capacity last month, citing delays in the return of a turbine Siemens was servicing in Canada

Kremlin-controlled energy giant Gazprom, cut gas exports through the route to 40 per cent capacity last month, citing delays in the return of a turbine Siemens Energy was servicing in Canada.

"They (Gazprom) will return to the levels seen before July 11," one of the sources said of the gas volumes expected via Nord Stream 1 from Thursday.

The benchmark Dutch front-month contract fell following the Reuters' report that flows will resume on Thursday.

Earlier in the day, the contract traded higher after the Wall Street Journal reported that the European Commission did not expect the pipeline to restart after the maintenance.

Gazprom and Nord Stream 1 did not reply to requests for comment on Tuesday. In the past, Gazprom has restarted Nord Stream on schedule after maintenance.

Russian President Vladimir Putin said on Wednesday that the capacity of Nord Stream 1 could be reduced due to problems with other pumping units, one of which would need to be sent for maintenance on July 26.

Nord Stream 1, which runs on the bed of the Baltic Sea to Germany, has been in focus since Russia sent troops to Ukraine on February 24 in what Moscow describes as a "special military operation".



A light engineering workshop in Naodapara area of Bogura sadar upazila specialising in making two parts of tubewells. The sector generates employment for 20,000 people in the upazila and generates Tk 200 crore in revenues for the government, according to the local Bangladesh Small and Cottage Industries Corporation office. The photo was taken recently.

PHOTO: MOSTAFA SHABUI

Monospool Paper directors' share sale raises questions

AHSAN HABIB

Stocks of Bangladesh Monospool Paper Manufacturing Company have skyrocketed in the last one year just after it had been relisted from the over the counter (OTC) market to the main board, all throughout riding on rumours and speculations.

The small capital-based company with non-demat stocks, meaning those in the paper format, remained in the OTC market for many years for its substandard performance.

The stock market regulator allowed it to be relisted on some conditions, including one that its directors could not sell shares.

The trading of the shares in the main market commenced from June 13, 2021. Since then, its stock soared 394 per cent to Tk 273 from Tk 55 as of February 2022.

Last month the directors starting selling shares taking approval from the stock market regulator.

Since June 13, its directors have announced in phases to sell a total 4.46 lakh shares, which is 4.75 per cent of its total shares.

This includes 2.09 lakh shares which Magura Group, one of the corporate directors of the company, yesterday, expressed the intention to sell at the prevailing market price through Dhaka Stock Exchange in the next 30 working days.

The group holds 8.09 crore shares of the company.

The stock market regulator allowed Monospool Paper Manufacturing Company to be relisted on some conditions, including one that its directors could not sell shares

Md Mustafizur Rahman, company secretary to the Monospool, said the regulator relaxed the condition because the directors had assured that they would repay the company's bank loans through this sale of shares.

With the loan repayment, both the company and shareholders will benefit, he added.

However, a top official of a merchant bank, preferring anonymity, said

directors were an entity separate from a company.

So how directors will repay a company's loan is not clear in accounting standards, he said.

This will be possible only if they donate the share sale's proceeds, otherwise, the directors will benefit personally, he said.

"In the real world no director donates funds to a listed company," he added.

Even if they donate the money, it is not acceptable as now the share price is inflated, meaning it contains more of people's money than of directors, so any donation would in effect be that of people's money, he explained.

The company has a paid-up capital of Tk 9.3 crore, long-term loans of Tk 42 crore and short-term loans of Tk 23 crore, according to its unaudited financial reports.

Despite the huge amount of bank loans, the company showed that it had made higher profits in the period from July 2021 to March 2022 from that in the same period of the previous year.

Its profits rose to Tk 2.54 crore in the recent nine months whereas in the previous period it was Tk 26 lakh, according to the reports.

Yellen sees hope to avoid recession

AFP, Washington

The US economy is on solid footing and in good position to avoid a downturn, even amid rising interest rates, but still faces a number of global hazards, Treasury Secretary Janet Yellen said Tuesday.

While it will be "appropriate" to see slower growth now that the world's largest economy has recovered from the pandemic downturn, the American consumer remains in good shape amid a strong job market, Yellen told NPR.

But inflation is imposing a "substantial burden" on families, and getting prices down is a "top priority" for President Joe Biden, she said.

The Federal Reserve has been raising interest rates aggressively in a bid to quell demand and ease price pressures, after annual consumer price inflation surged 9.1 per cent in June.

But the challenge for the Fed is to tame inflation without causing a downturn.

Achieving a "soft landing... will require skill and good luck," Yellen said, but noted that she is "hopeful that that's achievable." However, "let's be clear-eyed there are risks that our economy faces," she cautioned, including the ongoing war in Ukraine and other developments that could further raise food and energy prices, as well as the slowdown in China.

China speeding up approvals for new coal plants: Greenpeace

AFP, Beijing

China has ramped up approvals for new coal power plants this year, Greenpeace said Wednesday, with authorities trying to lower the risk of economically painful electricity shortages.

China is the world's biggest emitter of the greenhouse gases driving global warming, and President Xi Jinping last year vowed to phase down coal use from 2026 as part of an ambitious set of national climate commitments.

But campaigners fear those targets are under threat with the government focused on economic challenges, even as the deadly impact of climate change is felt around the world.

In the first quarter of 2022, Chinese regulators gave the green light to coal plants with a total capacity of 8.63 gigawatts, according to research conducted by Greenpeace.

EU to unblock Russian bank funds for food trade

AFP, Brussels

The EU is preparing to carve out exceptions in its tough sanctions against Moscow that would unblock assets at Russian banks linked to trade in food and fertiliser, a document showed on Tuesday.

Member countries "want to make it abundantly clear that there is nothing in the sanctions that is slowing the transport of grain out of Russia or Ukraine," an EU diplomat told AFP on condition of anonymity.

The EU's proposal is part of the bloc's latest sanction update that is being negotiated by member states. It will require unanimous approval to enter into force.

A tangled web of bottlenecks

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stance that it should regulate both insurance and microinsurance services and that only insurance companies should provide insurance. Insurance companies, albeit do not oppose microinsurance, resist the sales of insurance/microinsurance by MFIs.

Microinsurance experts, however, think that MFIs have an unparalleled position to expand and significantly grow the microinsurance market. But due to the regulatory bottleneck, MFIs are providing insurance services under the alias of risk mitigation services or client welfare services.

These services are essentially mandatory credit shield services where risk coverage is provided to the credit amount in addition to some extension services. The scope of these services is very limited as they are not able to operate under the domain of formal insurance per se.

The microinsurance sector also has further political complexities. Microinsurance is deeply connected to agriculture (particularly crop and livestock) insurance as the majority of the microcredit schemes provided by MFIs are crop loans and around 40 per cent of MFI clients invest their microcredit in livestock rearing.

Despite the inter-connectedness of the agricultural sector, the agriculture ministry has vehemently opposed crop insurance and is firmly against any form of subsidies for microinsurance, particularly the premium, fearing that they will discourage farmers to increase productivity. This fear primarily stems from a few high-level officials in the ministry. Consequently, this limited inter-ministry collaboration or the use of political power to enhance the microinsurance market.

Over the last decade, development partners have invested approximately \$250 million in microinsurance projects. Most of these have not been successful in reaching either scale, sustainability, or profitability.

In many of these projects, in addition to project costs, the premiums have also been subsidised. This has caused new potential

projects to consider subsidies that may not even be necessary as preceding projects have been heavily subsidised. Moreover, development projects have primarily catered to the crop and agriculture sector and have left out other potential sectors.

Apart from these, there is a multitude of complex issues that scar the insurance and microinsurance sector. Of them, a major issue is the lack of product development.

In order to develop insurance products, the specialised skill of actuarial science is necessary. Despite the IDRA mandating insurance companies to invest and develop actuaries, there are only six actuaries in Bangladesh. Most companies use international actuary consultants for product development which again limits the scope as a product may need further optimisation as it is launched into the market.

Furthermore, because actuarial science is nascent in Bangladesh, the IDRA developed a tariff system in the non-life sector where insurance products and their prices are set by the IDRA and the Central Rating Committee. This removes the need for innovation in product development since insurance companies do not require actuaries further or feel the need to develop skills in the field of product development.

In addition to this, most microinsurance services are predominantly in the domain of MFIs where the risk premium is fixed. Therefore, there is no need for actuaries to price premiums. This has caused a gap in the product market-fit for insurance and microinsurance products.

All in all, the current demand for insurance and microinsurance is very low. This could be largely contributed to a lack of awareness of the benefits of microinsurance, a lack of trust in the concept of insurance and insurance companies, and existing products that do not meet the risk needs of beneficiaries.

The only positive aspect of very low penetration of insurance is that it has a strong scope of going up.

In the market system analysis

study conducted by Innovision Consulting Pvt Ltd, we found that if 5 per cent of the total cropped land (3.97 crore acres) were brought under microinsurance, the crop microinsurance market size alone will stand at \$547 million.

In spite of the current low demand, impressive growth can come from more than 3 crore smallholder farm enterprises and 78 lakh micro, small and medium enterprises in Bangladesh that are frequently exposed to economic or climatic shocks that result in massive income losses.

This huge market potential will not be realised unless the entire sector is brought under a vision with meticulous long-term plans. Perhaps, with the combined efforts of the private, public, and development sectors, the resilience of the climate-vulnerable people can be raised so that one flash flood cannot wipe a person's life, hopes and dreams.

The author is a research associate at Innovision Consulting Private Ltd, an international research consultancy firm. Views are personal.

UK inflation

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bolstered bets that the BoE will opt for a 50-bps rate hike next month, which would be the biggest since 1995. The European Central Bank is considering such a move this week, sources told Reuters on Tuesday.

BoE Governor Andrew Bailey on Tuesday said that scale of borrowing costs increase was on the table but not "locked in".

The BoE has raised rates five times since December as it tries to stop the surge in inflation from becoming embedded in Britain's economy, and it is expected to increase them again on August 4.

"Soaring inflation means that momentum for a half-point interest rate rise in August is growing," Suren Thiru, economics director of accountancy trade body ICAEW, said.



Nuzhat Anwar, senior country officer of International Finance Corporation, and Md Arfan Ali, president and managing director of Bank Asia Ltd, exchange signed documents of an agreement for advisory services on "Risk Management and Credit Underwriting" at the Rangs Tower in Purana Paltan, Dhaka yesterday.

PHOTO: BANK ASIA

Bank Asia, IFC sign deal for advisory services

STAR BUSINESS DESK

Bank Asia Ltd signed an agreement with International Finance Corporation (IFC), a member of World Bank Group, for advisory services on "Risk Management and Credit Underwriting".

Md Arfan Ali, president and managing director of Bank Asia Ltd, and Nuzhat Anwar, senior country officer of the IFC, signed the agreement at the Rangs Tower in Purana Paltan, Dhaka yesterday, a press release said.

Partha Guha Thakurta, senior operations officer of the IFC, Mohammad Ziaul Hasan Molla, deputy managing director of Bank Asia, Tahmidur Rashid, senior executive vice-president and head of credit risk management, Mohammed Rashidul Kabir Rajib, senior vice-president and chief risk officer, along with other senior officials of Bank Asia, were present.



Md Nazmul Hassan, chairman of Islami Bank Bangladesh Ltd (IBBL), virtually presides over the bank's board of directors' meeting yesterday. Areef Suleman, representative of Islamic Development Bank, Yousif Abdullah Al-Rajhi and Md Shahabuddin, vice-chairmen of the IBBL, Mohammed Monirul Molla, managing director, and JQM Habibullah, deputy managing director, attended the meeting.

PHOTO: ISLAMI BANK BANGLADESH

Turkey to resume drilling for gas near Cyprus

AFP, Istanbul

Turkey next month will resume drilling operation near the divided island of Cyprus, a top official said Wednesday, threatening to spark a new diplomatic row with the EU.

The European Union came close to sanctioning Ankara in 2020

for pushing into contested east Mediterranean waters in search of fresh natural gas reserves.

Turkey had been drilling near waters claimed by its historic rival Greece and the self-declared Turkish Republic of Northern Cyprus (TRNC) -- recognised only by Ankara.