Russia is China's top oil supplier for 2nd month

REUTERS, *Singapore*

Russia held its spot as China's top oil supplier for a second month in June as Chinese buyers cashed in on lower-priced supplies, slashing more costly shipments from Saudi Arabia, data showed on Wednesday.

Imports of Russian oil, including supplies pumped via the East Siberia Pacific Ocean pipeline and seaborne shipments from Russia's European and Far Eastern ports, totalled 7.29 million tonnes, up nearly 10 per cent from a year ago, according to data from the Chinese General Administration of Customs.

Still, Russian supplies in June, equivalent to about 1.77 million barrels per day (bpd), were below May's record of close to 2 million bpd, a level analysts had expected to be maintained.

Despite US sanctions on Iran, China has kept taking Iranian oil, usually passed off as supplies from other countries

China imported 5.06 million tonnes from Saudi Arabia, or 1.23 million bpd, down from 1.84 million bpd in May and 30 per cent below the level in June last year.

Year-to-date imports from Russia totalled 41.3 million tonnes (1.67 million bpd), up 4 per cent on the year but still trailing behind Saudi Arabia, which supplied 43.3 million tonnes (1.75 million bpd), a volume 1 per cent below year-ago level.

China's total crude oil imports sank in June to near a four-year low as rigid lockdowns to contain the spread of coronavirus reduced fuel demand.

The rise in imports from Russia also displaced supplies from Angola and Brazil.

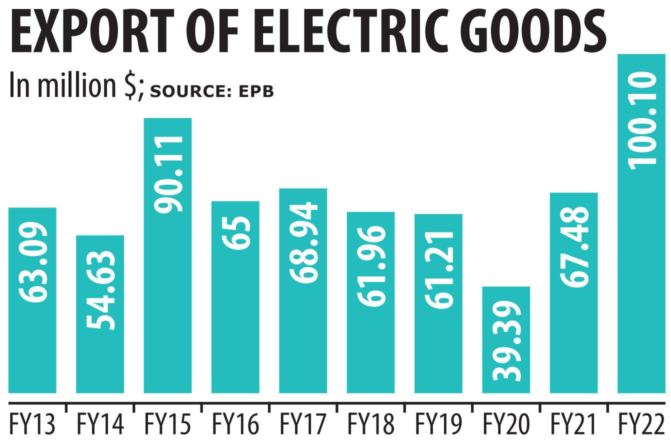
The Customs data showed China imported 260,000 tonnes of Iranian crude oil last month, its fourth shipment of Iran oil since last December, confirming an earlier Reuters report.

Despite US sanctions on Iran, China has kept taking Iranian oil, usually passed off as supplies from other countries.

These supplies, roughly 7 per cent of China's total crude oil imports, are facing competition from the growing Russian flows. Customs reported zero imports from Venezuela.

EXPORT OF ELECTRIC GOODS

In million $; SOURCE: EPB

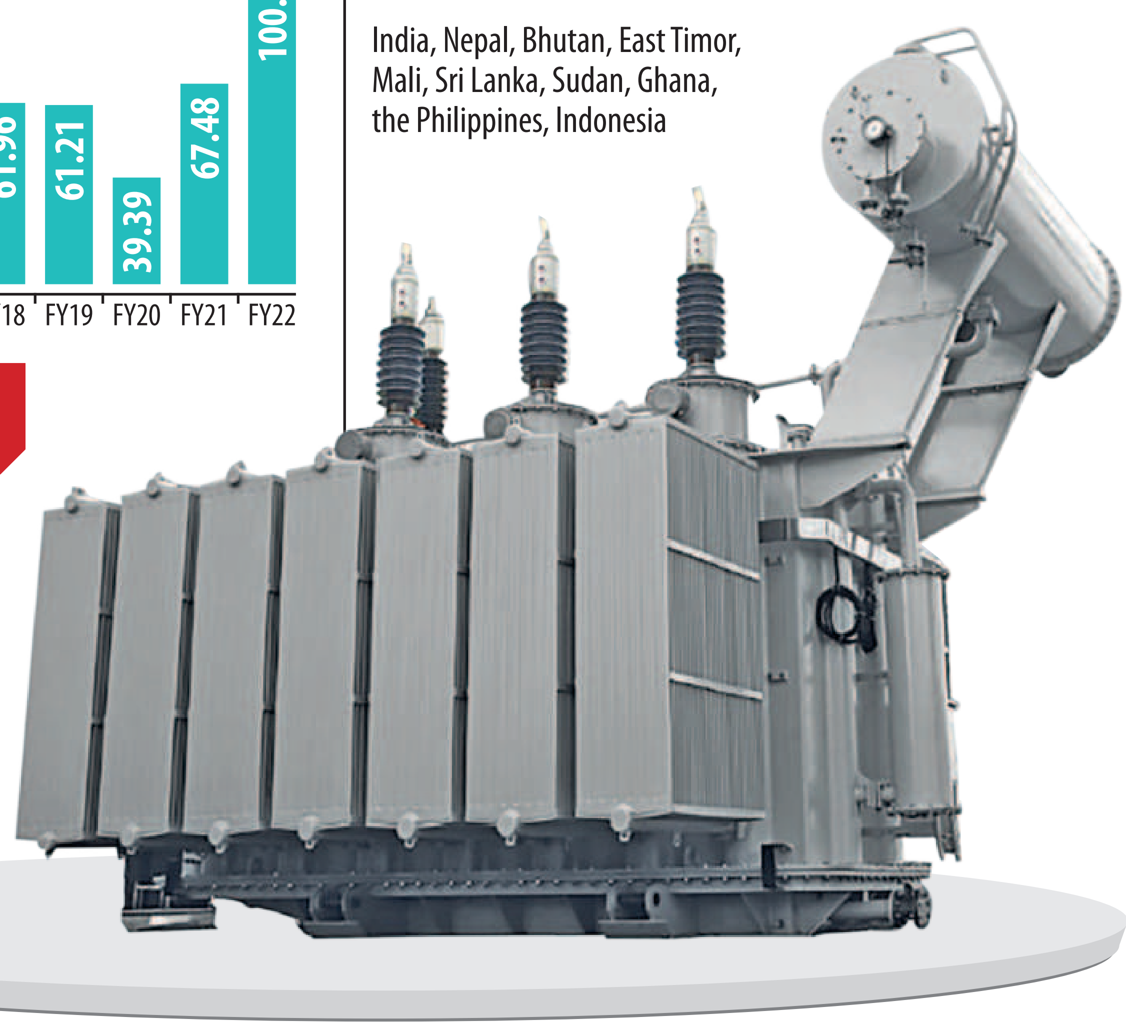


TOP EXPORT DESTINATIONS

India, Nepal, Bhutan, East Timor, Mali, Sri Lanka, Sudan, Ghana, the Philippines, Indonesia

TOP EXPORT ITEMS

- Transformers
- Electric accumulators
- Electric water and space heaters, hair-dressing apparatus, irons
- Photosensitive semiconductor devices, light emitting diodes



Exports of electric goods surge to $100m

SUKANTA HALDER

Locally manufactured electric products, namely transformers and accumulators, are gaining popularity abroad as the industry's annual export earnings touched a record-high of $100 million in the just concluded fiscal year.

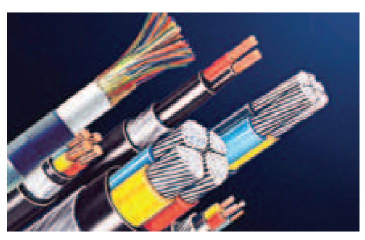
The last time export proceeds from electric goods even came close to the current level was back in fiscal 2014-15, when outbound shipments fetched a total of $90 million.

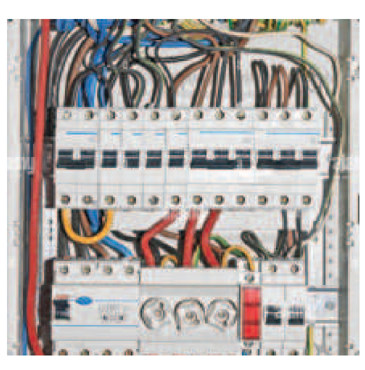
The industry's annual foreign earnings had fallen to around $65 million the following fiscal and despite a slight recovery in the year after, export receipts continued on a downward trend, hitting a low point of around $39 million in FY20.

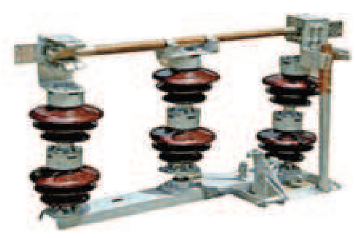
Exports then ballooned by about 71 per cent in fiscal 2019-21 before going on to hit $67 million in fiscal 2020-21, according to the Export Promotion Bureau (EPB).

Industry insiders say the growth in exports was possible thanks to an increase in skilled manpower, production quality, branding, and acceptance in international markets.

Humayun Rashid, managing director and chief executive officer of Energypac Power Generation, said exports have risen as they are producing products of international standard.







"Efficiency is increasing and for this reason, the market is expanding," he added.

Rashid went on to say that it took a lot of effort for the industry to reach its current milestone as local manufacturers and exporters are tirelessly working to grab a bigger share of the global market.

Energypac currently exports electric goods to India and Nepal while the company previously shipped some products to Sudan, Ghana and the Philippines.

Rashid then explained that the industry could do even better with the help of government support in regards to building confidence on local products in the international market.

In addition, if the industry was given priority similar to the garment sector, then it could be possible to export up to $1 billion worth of electric goods in the next four or five years.

"We are mainly exporting transformers, switchgear, isolators and transformers," he said, adding that they now want to compete with China in supplying electric goods.

Other electric goods exported from Bangladesh include, but are not limited to, cables, distribution boards, tube lights, insulators, fans, heat and speed control systems, magnetic contractors and switches.

Sohel Rana, chief business officer of electrical appliances at Walton Hi-Tech Industries, said they are capable of producing products that meet international standards.

Bangladesh is now able to produce more quality products at a lower price because the country has more skilled manpower than before.

"We have exported fan, LED lights and switch sockets to Nepal, Bhutan, India, Uganda, East Timor, Mali, Yemen and Sri Lanka. We are working on expanding in the global market," he said.

According to Rana, Walton exported about 10,000 fans, switch sockets and LED lights between January and July this year.

"Our exports will open up new horizons in Europe, the Americas and Africa because necessary measures have been taken to export goods to these regions," he added.

KMG Kibria, assistant general manager of Minister Hi-Tech Park, said they are preparing for exports, which may begin next year.

"Electric products have great potential in both local and international markets. Other than China, those who are in this market are not doing very well and so, Bangladesh has a big opportunity in this regard," he added.

"Our primary target is to export to the Middle East, Nepal, Bhutan and some parts of India and Africa."

MICRO-INSURANCE SECTOR

A tangled web of bottlenecks

RAKIB BIN SHAHID

"In certain haor areas of Sylhet, one bad season, one flash flood is all it takes for a farmer to lose everything. These farmers are left with no options but to migrate to Dhaka and take up menial jobs such as security guards," said a high-level representative of the Department of Agricultural Marketing as he was being interviewed for a study on microinsurance.

Intercepts of these interviews keep ruminating on my mind as I read up on the devastating flood in Sylhet where 72 per cent of the entire division went underwater. According to the Sylhet district administration, the flood affected more than 389,000 families in the district, damaging about 22,000 homes and almost 29,000 hectares of cropland.

The extensiveness of the catastrophe should not come to us as a surprise as Bangladesh is ranked fifth in the world in terms of economic losses due to climate change and has experienced more than $3.7 billion of losses from 2000 to 2019. According to a study, Bangladesh is the seventh most climate change-vulnerable country in the world with approximately 56 per cent, or 9 crore, of its population living in "high climate exposure areas".

The insurance sector can play a significant role in the coverage of risks of the climate-vulnerable people of the country through various products such as climate risk insurance, crop microinsurance and livestock microinsurance.

According to the Insurance Development Forum, a 1 per cent increase in insurance penetration can reduce the disaster recovery burden on taxpayers by up to 22 per cent. Despite the potential benefits, the insurance penetration in Bangladesh remains at 0.4 per cent, failing to reach even half of a single-digit penetration.

Despite low demand, impressive growth can come from more than 3 crore smallholder farm enterprises and 78 lakh micro, small and medium enterprises that are frequently exposed to shocks

What is holding up our insurance sector, particularly the microinsurance sector?

A Market System Analysis (MSA) study by Innovision Consulting identified the bottlenecks of the sector.

Global evidence suggests microinsurance can boost economic performance and build resilience by stimulating risk appetite and the shock absorption capacity of enterprises, particularly smallholder farmers. Microinsurance, in fact, is not new in Bangladesh and has existed since 1972 when Brac launched health insurance schemes that were micro in nature. There have been at least 17 microinsurance-based projects since then.

Despite its 50-year-long presence, the microinsurance sector still has no regulatory framework. The Insurance Development Regulatory Authority (IDRA), the regulatory body for insurance that is at par with the Bangladesh Bank or the Microcredit Regulatory Authority, despite being formed 12 years ago, has failed to provide even an official definition of microinsurance, let alone any regulatory framework.

Furthermore, ambiguity in the 2006 MRA Act and the 2010 Insurance Act caused confusion in regards to who can provide insurance services. This has caused a decade-long discomfort between not only the regulators but also insurance and microfinance organisations (MFIs).

However, the IDRA has since taken a firm

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EU asks members to cut gas use by 15pc

REUTERS, *Brussels*

The European Union told members states on Wednesday to cut gas usage by 15 per cent until March as part of an emergency plan after President Vladimir Putin warned that Russian supplies sent via the biggest pipeline to Europe could be reduced further.

Deliveries via Nord Stream 1 pipeline, which accounts for more than a third of Russian gas exports to the EU, are due to resume on Thursday after a 10-day halt for annual maintenance.

But supplies via that route had been reduced even before the maintenance outage in dispute over sanctioned parts, and may now be cut further, while flows via other routes, such as Ukraine, have also fallen since Russia invaded its neighbour in February.

The disruptions have hampered Europe's efforts to refill gas stores before winter, raising the risk of rationing and another hit to fragile economic growth if Moscow further restricts flows in retaliation for Western sanctions over the war in Ukraine.

The European Commission proposed a voluntary target for all EU states to cut gas use by 15 per cent from August to March, compared with their average consumption in the same period in 2016-2021.

"Russia is blackmailing us. Russia is using energy as a weapon. And therefore, in any event, whether it's a partial, major cut-off of Russian gas or a total cut-off of Russian gas, Europe needs to be ready," EU Commission President Ursula von der Leyen said. The proposal would enable Brussels to make the target mandatory in a supply emergency, if the EU declared a substantial risk of severe gas shortages.

The move, which needs the backing of EU states, will be discussed on Friday, so ministers can approve it at an emergency meeting on July 26.

Shoppers browse products at an indoor market in the city centre in Bradford, northern England. UK inflation rose to 9.4 per cent year-on-year in June, hitting a new four-decade high, which may push the Bank of England to tighten its rate policy.

PHOTO: AFP/FILE

UK inflation hits 40-year high

AFP, *London*

Surging petrol and food prices last month pushed British inflation to its highest rate in 40 years, according to official figures that bolstered the chances of a rare half percentage-point Bank of England interest rate hike next month.

The Office for National Statistics said annual consumer price inflation rose in June to 9.4 per cent, the highest since February 1982, up from May's 9.1 per cent and above the 9.3 per cent consensus in a Reuters poll of economists.

The latest increase means Britain had the highest rate of inflation seen in any Group of Seven advanced economy since 1985, although many smaller European Union countries are currently seeing even faster growth in prices.

Wednesday's data

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