Major banks cut ties with Russia-backed Indian refiner

REUTERS, *New Delhi*

Many global oil traders and banks have stopped dealing with Indian refiner Nayara Energy, a Rosneft affiliate, as they are worried about Western sanctions over Russia's invasion of Ukraine, two people with knowledge of the matter told Reuters.

Nayara per se has not been sanctioned as part of the international response to what Russia calls its "special military action" against Ukraine but sanctions are in place against Rosneft.

The Russian energy giant owns about 49 per cent of Nayara which is India's second-largest private refiner, while Kesani Enterprises Co Ltd, a consortium led by Trafigura Group and Russia's UCP Investment Group, holds 49.13 per cent.

Most trading firms including Vitol and Glencore as well as producers in Canada, Latin America and Europe have declined to directly sell crude to Nayara, according to one of the people.

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The sources were not authorised to speak to the media and declined to be identified.

They said Nayara was now dependent on state-run Middle Eastern producers, Chinese traders, companies supplying Russian oil as well as local crude oil producers for its 400,000 barrels per day Vadinar refinery in western Gujarat state.

"It is increasingly becoming difficult for the company," said one of the sources, adding that it has been unable to hedge for cracks and inventory.

Companies that have declined to deal with Nayara include Phillips 66, Occidental Petroleum Corp, Cepsa, Equinor, Gunvor, Koch, Petrogal, Respsol, Shell, Suncor Energy, Ecopetrol and TotalEnergies, the second person said.

Banks and other firms that have refused to work on new hedging positions for Nayara include Citigroup, Morgan Stanley, BNP Paribas, JPMorgan, France's Engie as well as the core banking units of Mitsubishi UFJ Financial Group and Sumitomo Mitsui Financial Group, they said.

Workers in Nabinagar village of Lalmonirhat's Patgram upazila are seen loading fresh tea leaves onto a makeshift transport vehicle that will carry them to the nearest processing facility some 150 kilometres away in Panchagarh. However, the long journey causes the leaves to deteriorate in quality, forcing farmers to sell them at a discount.
PHOTO: S DILIP ROY

Farmers in Lalmonirhat losing interest in tea cultivation

They blame a lack of processing facilities

S DILIP ROY

Farmers in Lalmonirhat are losing interest in tea cultivation as a lack of processing facilities in the area is preventing them from raising enough capital to sustain the business, according to growers and traders.

As such, some farmers are saying they will cut down their tea trees and go back to cultivating maize and other crops.

The closest place to sell tea leaves grown in Lalmonirhat lies about 150 to 160 kilometres away in Panchagarh. It costs about Tk 3 per kilogramme (kg) to transport the tea leaves, which are already being sold to tea companies at a discount rate of Tk 11 per kg on the pretext that they deteriorate in quality during the journey.

However, tea growers in Panchagarh are getting Tk 14 per kg as their close proximity to processing units ensures that the leaves stay fresh until delivered.

Nur Sheikh, a farmer of Dahagram village in Patgram upazila of Lalmonirhat, said he started cultivating tea on one acre of land five years ago with encouragement and support from the Bangladesh Tea Board.

Sheikh sold his tea leaves for Tk 22 to TK 30 per kg last year to turn a decent profit. This year though, the leaves are being sold for less than half that value and so, he is struggling to raise capital.

"We don't have any tea processing company in Lalmonirhat and for this reason the leaves have to be sold in Panchagarh but the long travel distance results in the loss of quality," he said.

"So, we have to accept discount rates that leave us with a profit of just Tk 4 per kg after paying labour and transport costs," Sheikh added.

He went on to say the recent inflation has pushed up production costs to Tk 10-12 per kg considering the higher price of diesel, fertiliser, pesticide and labour.

"We [tea growers] are not able to raise enough capital because of this and so, I have decided to cut down the tea trees and start cultivating maize as it is more profitable," Sheikh said.

Taibur Rahman, a tea grower at Nabinagar village of Patgram upazila, said if they had a tea processing company in the area, they would not have to spend so much on transportation while quality would also be ensured.

"We have to spend Tk 6 per kg to transport tea leaves and cover the discount," he said.

"If the current market price persists, I will cut down two acres of my tea trees and cultivate maize and other crops in their place," Rahman added.

Freedom fighter Kafur Uddin, a tea grower at Kisamat Nijjama village of the same upazila, said he started cultivating tea on three acres of land five years ago.

Uddin, who once had big dreams for his farm, then said that he is now losing interest in tea cultivation considering the poor market prices on offer.

"Likewise, other farmers in the village who were once keen on tea cultivation are losing interest after seeing my plight," he added.

Officials of the Bangladesh Tea Board's regional office in Lalmonirhat said that 116 farmers are currently cultivating tea on 210 acres of land in the district, which produced 6.50 lakh kgs of leaves last year.

This year, they aim to produce 7.50 lakh kgs of leaves, around 4 lakhs of which have already been harvested and sold as of August 15.

Arif Khan, project director of the Bangladesh Tea Board office in the district, said local tea growers are being unable to secure their expected profit as they have to bear higher transport costs and still sell their leaves at a discount.

"As the quality of the leaves deteriorates during the 150 to 160-kilometre journey to Panchagarh, they have to be sold at a discount rate. So, the process has been initiated to set up a private tea processing company in Lalmonirhat," he added.

Stocks snap six days of gains

STAR BUSINESS REPORT

Most shares on the Dhaka and Chittagong stock exchanges ended in the red yesterday, prompting the key indices of the bourses to slide after clocking gains for six days.

The DSEX, the benchmark index of the Dhaka Stock Exchange, lost 35 points, or 0.56 per cent, to close at 6,280.

The DS30, the blue-chip index, dropped 0.96 per cent to 2,243, and the DSES, the shariah-based index, shed 0.58 per cent to 1,379.

Turnover, one of the important indicators of the market, fell more than 23 per cent to Tk 1,133 crore.

Of the securities, 71 advanced, 215 declined, and 94 did not show any price movement.

The Dhaka stocks broke a gaining streak as cautious investors booked some profit on quick-gaining issues, said International Leasing Securities Ltd, a brokerage house, in its daily market review.

Some investors increased their participation as well since they got back their confidence on the macro-economic stability, it said.

Among the sectors, services rose 1.5 per cent, financial institutions were up 0.9 per cent, and textile added 0.4 per cent. On the other hand, jute stocks shed 2.1 per cent and travel stocks were down 1.8 per cent.

The investors' activity was mostly centred on textile and pharmaceuticals.

Among the individual stocks, Union Capital Ltd was the most successful stock on the day, advancing 10 per cent.

Metro Spinning gained 9.97 per cent, Prime Finance & Investment rose 8.8 per cent, and International Leasing & Financial Services won 7.69 per cent. Other major gainers included Sinobangla Industries, Central Pharmaceuticals, and IPDC Finance.

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ENERGY CRUNCH

Japan eyes nuclear power push

AFP, *Tokyo*

Japan's prime minister on Wednesday called for a push to revive the country's nuclear power industry in a bid to tackle soaring imported energy costs linked to the war in Ukraine.

Such a move could prove controversial, after the 2011 Fukushima disaster led to the suspension of many nuclear reactors over safety fears.

Like many countries, Japan -- which is aiming to become carbon neutral by 2050 -- has faced a squeeze on its energy supplies since Russian forces entered Ukraine six months ago.

The nation has also sweltered through record-breaking temperatures this summer, with residents asked to conserve power wherever possible.

"Russia's invasion of Ukraine has vastly transformed the world's energy landscape" and so "Japan needs to bear in mind potential crisis scenarios", Prime Minister Fumio Kishida said at an energy policy meeting.

Japan should consider building next-generation nuclear reactors, he said, while the government will discuss bringing more nuclear plants online and extending the service life of reactors if safety can be guaranteed.

Kishida called for "concrete conclusions by the end of the year" on the topic, which remains a sensitive one after a deadly tsunami in March 2011 caused a meltdown at the Fukushima plant, the worst nuclear disaster since Chernobyl.

Eleven years on, 10 of Japan's 33 nuclear reactors are back in action, although not all are operational year-round, and the country is heavily dependent on imported fossil fuels.

The national nuclear safety watchdog has approved in principle the restart of seven more reactors, but those moves often face opposition from local communities.

READ MORE ON B2

Cambodia's textile competitiveness at risk: study

THE PHNOM PENH POST/ANN

Rising labour, transportation, logistics and electricity costs could potentially undermine the competitive advantage of Cambodia's textile-linked industries, according to research conducted by a prominent local economist.

In "Cambodia's current minimum wage and competitiveness", Royal Academy of Cambodia economics researcher Ky Sereyvath explores the future sustainability of the competitive opportunities in the domestic garment sector as well as its present and potential competitive advantages over nearby countries along with the weaknesses that could impede them.

Speaking to The Post, Sereyvath noted that the study highlights how Vietnam's lower labour costs and Cambodia's sole deep sea port's limited ability to handle large container ships have dulled the Kingdom's competitive edge over neighbouring countries.

He explained that substantial volumes of cargo bound for Cambodia must first go through Vietnam and Thailand, driving up costs.

He propounded that additional deep-sea ports in Preah Sihanouk, Koh Kong and Kampot provinces would allow Cambodia to export goods at lower prices and be competitive with advanced economies in ASEAN.

Sereyvath also underscored that customs procedures remain relatively complicated and that electricity rates pose an especially tough challenge for the garment sector.

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A vendor arranges cookers while waiting for customers at his shop in Colombo yesterday. Sri Lanka has been suffering from dire shortages of many essentials due to a lack of foreign currency.
PHOTO: AFP

Lanka widens import ban

AFP, *Colombo*

Sri Lanka tightened import restrictions Wednesday with a ban on more than 300 additional items, as an economic crisis that has created months of shortages and toppled a president refuses to abate.

President Ranil Wickremesinghe, who replaced Gotabaya Rajapaksa after his ouster in July, slapped a ban on goods including home appliances, tools and sports gear.

The South Asian island nation of 22 million people has been suffering dire shortages of many essentials due to a lack of foreign currency.

The new bans come despite the central bank announcing last week that the foreign exchange shortage was easing thanks to better inflows.

However, Sri Lanka's economy is projected to contract this year by a worse-than-expected 8.0 per cent, according to

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