CLIMATE GOALS

Energy efficiency pace must double: IEA

REUTERS, *London*

Countries must double the pace of measures to improve energy efficiency if global climate targets are to be met, the International Energy Agency (IEA) said in a report on Wednesday.

Record high energy costs last year helped to spur the take-up of measures such replacing gas boilers with heat pumps and switching to LED lightbulbs, but the rate of energy efficiency progress has since slowed, the IEA said.

This year's UN climate talks begin on Thursday in the United Arab Emirates and will be the first global assessment of progress since the landmark Paris Agreement in 2015. It set a goal of limiting global warming to well below 2 degrees Celsius (3.6 degrees Fahrenheit), while aiming for a cap of 1.5C.

"The world's climate ambitions hinge on our ability to make the global energy system much more efficient," IEA Executive Director Fatih Birol said.

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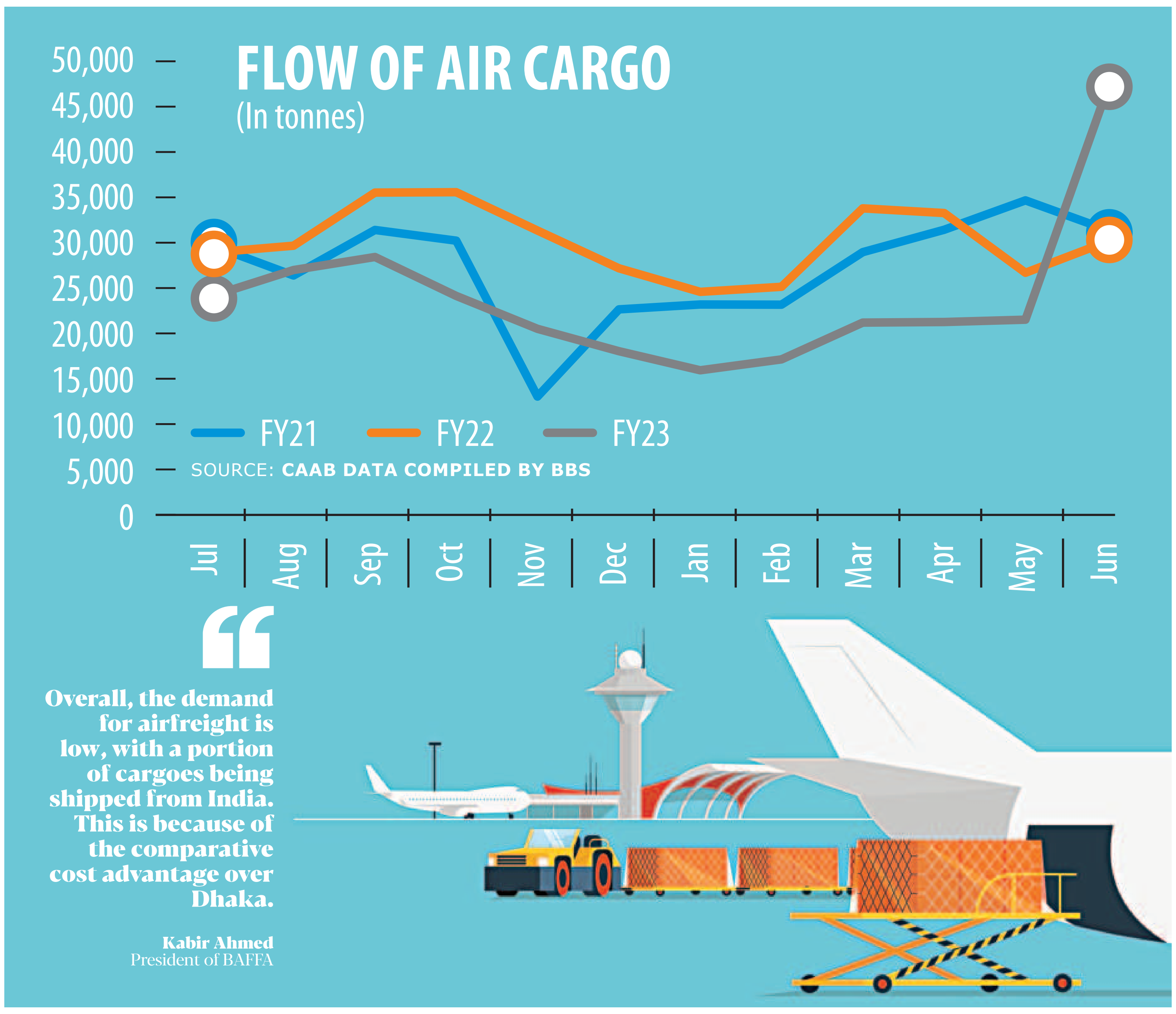
IEA Executive Director

"If governments want to keep the 1.5 degree Celsius goal within reach while supporting energy security, doubling energy efficiency progress this decade is critical," he said.

The IEA said investments have led to energy being used 1.3 percent more efficiently this year compared with last year, but that the improvement rate had slowed from a 2 percent increase in 2022.

Energy efficiency needs to double from that level to 4 percent a year for climate targets to be met, the IEA said.

Some $700 billion has been spent globally on energy efficiency support since 2020, the IEA said. Of this, almost 70 percent was spent in just five countries - France, Germany, Italy, Norway and the United States.



Airfreight in a downspin due to lower trade

Import-export activities remain slow

STAR BUSINESS REPORT

Freight movement through airports in Bangladesh fell to a four-year low last fiscal year (FY) as airlines slashed their capacity for carrying import-export cargo amid reduced demand, according to official data.

About 2.85 lakh tonnes of cargo was shipped by air in FY23, down by some 21 percent year-on-year, as per the latest data of the Civil Aviation Authority of Bangladesh.

However, it is expected that demand for airfreight will pick up from April next year, said Sheikh Idrish Ali, managing director of Soul Aviation, a local general sales agent of the US-based National Airlines.

More than 30 airlines operate cargo flights to and from the country, with about 96 percent of the overall airfreight in FY23 having been handled by the Hazrat Shahjalal International Airport in Dhaka.

Officials of the local aviation industry said the reduced airfreight is a result of lower imports.

On a yearly basis, exports grew 6.67 percent while imports fell 16 percent in FY23 due to reduced demand in the EU and US resulting from inflationary pressure.

Besides, the ongoing US dollar crisis is causing difficulties in opening letters of credit for importing raw materials, leading to a slump in export growth.

The slump in imports has continued this year too, with inbound shipments to the country having slumped 24 percent year-on-year to $14.74 billion in the first quarter of the current fiscal.

On the other hand, export rose 3.5 percent year-on-year to $17.47 billion in the July-October period.

The downturn in airfreight was also exacerbated by the diversion of a portion of export cargoes to Delhi airport in India, said Bangladesh Freight Forwarders Association (BAFFA) President Kabir Ahmed.

About 2.85 lakh tonnes of cargo were shipped by air in FY23, down by some 21 percent year-on-year, as per the latest data of the Civil Aviation Authority of Bangladesh

"Overall, the demand for airfreight is low, with a portion of cargoes being shipped from India. This is because of the comparative cost advantage over Dhaka," he added.

On average, firms can save 20-25 cents per kilogramme when shipping goods from Delhi airport thanks to lower ground handling and transport costs.

"So, the civil aviation authority needs to work on this," Ahmed said.

A senior official of Biman Bangladesh Airlines said some foreign airlines had increased their cargo carrying capacity in order to narrow the losses stemming from a dip in passenger movement during the Covid-19 pandemic.

"But as the passenger flow is recovering with increased air traffic, they have cut their cargo capacity," he added.

A top official of a foreign carrier that handles a good amount of the country's import-export cargo, said airfreight was not viable unless the flow of import and export are sound.

"Only having sufficient export is not viable," he added.

The official also said that air transport has not been robust this year as businesses are being badly affected by the ongoing political crisis and recent unrest in the garment sector.

"We had good business in the August-September period though," he added.

Mohammed Monsur, general secretary of the Bangladesh Fruits Vegetables & Allied Products Exporters' Association, said air shipment is the only option for fresh fruits and vegetables.

The sector's shipment volume had fallen to 52,000 tonnes in FY23, down 24 percent year-on-year.

However, exports in the July-October period of FY24 stood at 42,000 tonnes.

"We were able to export higher quantities of mangoes," said Monsur.

"Exports would grow if the related process is eased and we get support from customs, Bangladesh Bank and the plant quarantine wing of the Department of Agricultural Extension," he added.

Summit in final talks to sign LNG deal with Petrobangla

REUTERS, *Singapore*

Bangladesh's Summit Group is in the last stage of discussions with the government to provide the nation with supplies of liquefied natural gas (LNG), its chairman said on Monday.

"We are in discussion with the government of Bangladesh, that is Petrobangla, and the discussion is (for) about 1.5 million tonnes (per annum)," Aziz Khan told Reuters in an interview, referring to Bangladesh's state-owned company.

He added the supply deal would be for 15 years beginning from 2026, and hopes to have it signed before Bangladesh holds its parliamentary election on Jan. 7.

"Bangladesh requires a lot of LNG as our natural gas resources are depleting and GDP growth, even under this very difficult circumstances, is about 5.6-5.7 percent. So LNG is of vital importance for the continuation of this growth."

The South Asian nation has struggled with a power crisis after Russia's invasion of Ukraine caused LNG prices LNG-AS to spike, and as it faced difficulties in paying for fuel imports amid declining foreign exchange reserves.

The country of nearly 170 million people has had to secure a $4.7 billion loan from the International Monetary Fund this year to deal with higher costs of imported fuel and food.

Gas fuels more than two-thirds of power generation in Bangladesh.

Khan expects Bangladesh's annual LNG imports to increase amid economic growth and as new long-term deals kick in.

Petrobangla has signed three long-term LNG deals so far this year - a 10-year contract to receive LNG supplies from OQ Trading, formerly known as Oman Trading International, a 15-year supply deal with QatarEnergy, and a 15-year contract with US-based Excelerate Energy. All three contracts will begin supplies from 2026.

"From 2026-27, Bangladesh will be importing about 8-9 million tonnes and then by 2030, at least 10-12 million tonnes," he said.

On upcoming projects, Summit is in talks to secure a LNG carrier for conversion to a floating storage and regasification unit (FSRU) to handle LNG imports. The FSRU will be Summit's second in Bangladesh, and will be at latest operational by the second quarter of 2026, said Khan.

Summit currently owns one of Bangladesh's two FSRUs. Summit is also in the running to build the Matarbari LNG terminal, Bangladesh's planned onshore terminal, with its consortium partners JERA and Sumitomo Corporation.

India to raise import of coking coal from Russia

REUTERS, *New Delhi*

India will step up imports of coking coal, a key material in steel manufacturing, from Russia, as cargoes from top supplier Australia drop and steel mills struggle with rising prices, three government sources and an industry executive said.

Steel mills in India, the world's second-biggest crude steel producer, have struggled with patchy supplies of coking coal from Australia, which normally accounts for more than half of India's annual imports of around 70 million tonnes.

Last month, prices for Australian coking coal jumped 50 percent to over $350 a metric ton due to factors such as maintenance outages, lower than usual supplies from Queensland and a slower train network.

Earlier this month, Australia assured India of steady supplies of the commodity, two Indian government sources told Reuters. However, India is keen to look beyond Australia and diversify its imports basket, the sources said.

OECD trims global growth forecast

AFP, *Paris*

The world economy is likely headed for a soft landing next year, the OECD said Wednesday as it pared back its growth forecast, but warned the Israel-Hamas conflict could throw a spanner in the works.

In its latest economic outlook, the Organisation for Economic Co-operation and Development trimmed its forecast for global growth this year to 2.9 percent, down from the 3.0 percent it forecast in September.

The grouping of developed industrialised countries said it sees global growth slowing to 2.7 percent next year, unchanged from its previous forecast, which the OECD noted would be the lowest annual rate since the global financial crisis, aside from the first year of the Covid-19 pandemic.

A rebound to 3.0 percent growth in 2025 is contingent on inflation slowing further and Asian economies maintaining their fast pace of growth.

"The broad picture for the world economy over the next two years is one of a moderate slowdown followed by eventual normalisation, with growth returning to near-trend rates, and inflation converging back to central bank targets by 2025," said the OECD.

The OECD's chief economist, Clare Lombardelli, said in her introduction to the report that they "are projecting a soft landing for advanced economies, but this is far from guaranteed."

The OECD still sees near-term risks to its forecast tilted to the downside.

It pointed to the heightened geopolitical tensions due to the Israel-Hamas conflict as "a key source of near-term uncertainty" for the global economy. "If the conflict were to intensify and broaden within the wider region, there are much stronger risks that could slow growth and push up inflation," said the OECD, which advises its 38 member countries on economic policy.

While the OECD had already projected a temporary but pronounced slowdown for Israel, it said the broader direct effects from the conflict for the world economy have so far been "relatively limited".

The slowdown in global growth is being driven by higher interest rates brought in by central banks to slow inflation, but growth should rebound as rates begin to come down along with inflation beginning next year.

The OECD raised its growth forecasts for the US economy by two tenths of a percentage point for this year and 2024, to 2.4 and 1.5 percent respectively. It sees a modest pick up to 1.7 percent growth in 2025.

The photo shows shipping containers at Nanjing port in China's eastern Jiangsu province. The OECD marginally increased its forecast for economic growth in China to 5.2 percent this year.

PHOTO: AFP/FILE