Oil slips after rally last week

REUTERS, *London*

Oil prices slipped on Monday as investors indulged in some profit-taking after both benchmarks ended last week about 6 percent higher on Middle East tensions and as refining outages squeezed refined products markets.

Brent crude futures were down 82 cents, or about 1 percent, at $81.37 a barrel, while US West Texas Intermediate crude futures slipped 74 cents, also about 1 percent, to $76.1 a barrel at 1022 GMT.

Last week, the major forces underlying the rally were the persistent threats to shipping in the Red Sea, Ukrainian strikes on Russian refineries and US refinery maintenance, Tamas Varga of oil broker PVM told Reuters.

This has led to scarce availability of products, particularly in the middle of the barrel, he said.

"These factors have not subsided yet - and for this reason, I believe that what we see at the moment is only a retracement."

In terms of non-Opec production, a potential uptick in US production emerged, with US energy firms increasing oil and natural gas rigs to their highest since mid-December.

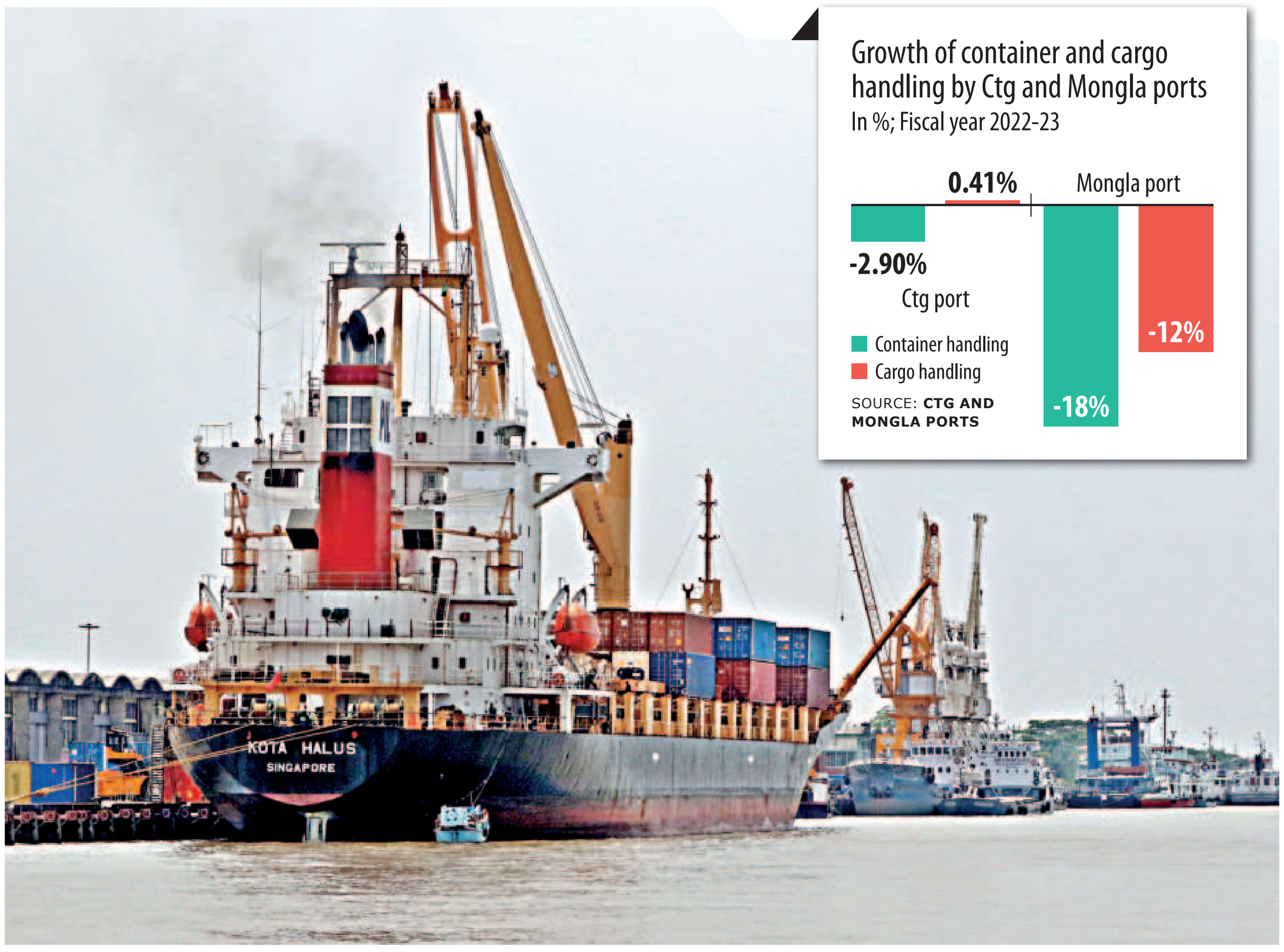
Logistics disruptions in the Red Sea continued on Monday, with Yemen-based Houthis saying they had targeted a cargo ship in the Red Sea, which they claimed was American.

Shipping trackers said the Marshall Islands-flagged ship was Greek-owned. The Houthis have targeted shipping with drones and missiles since November in solidarity with Palestinians in Gaza. The United States has led retaliatory strikes on Houthi missile sites since January.

The Houthis have since said they will target ships not just connected to Israel, but also the US and Britain.

In other supply news, Saudi Arabia's energy minister on Monday said the Kingdom has plenty of spare oil production capacity, after the world's biggest oil exporter announced last month that it would scale back its long-term capacity expansion plans.

In terms of non-Opec production, however, a potential uptick in US production emerged, with US energy firms increasing oil and natural gas rigs to their highest since mid-December.



Mongla yet to become a port of choice among businesses

JAGARAN CHAKMA

Mongla Port, which was expected to get a new lease of life due to the increasing flow of imported and exported goods after the opening of the Padma Bridge, is yet to become a port of choice among businesses.

The opening of the much-talked-about bridge has reduced the travel distance between Mongla Port on the southwest coast of Bangladesh and the capital Dhaka, the key industry and trade centre of Bangladesh's $460 billion economy, to 170 kilometres from 289 kilometres.

On the other hand, the distance between Dhaka and Chattogram, the major seaport that handles roughly 90 percent of the country's seaborne trade, was shortened by 90 km.

The Mongla Port Authority (MPA) has taken several measures to increase flow, including dredging of the channel, but it has not worked, according to port users.

The imports of fertiliser, wheat, raw materials for the cement industry, coal, and cars, and the exports of fish, shrimp, crabs, readymade garments, jute goods, and other products have increased.

However, businessmen still depend on Chattogram port for overseas trade thanks to the required draft available at the Karnaphuli River, they said.

The Mongla port handled 32,269 TEUs (twenty-foot equivalent units) in the financial year (FY) 2021-22 but it reduced to 26,590 TEUs in 2022-23, according to data from the MPA.

Container handling slipped by 18 percent year-on-year to 26,590 TEUs in 2022-23 owing to a downward trend in foreign trade, the lowest in the last five fiscal years.

Around 99 lakh tonnes of goods of all types, including containerised cargoes, were transported through Mongla Port in FY2022-23, down from 1.13 crore tonnes in FY2021-22.

The data shows that cargo handling reduced by 12 percent in the last fiscal year compared to the previous fiscal year.

Besides, a total of 827 ships arrived at the Mongla Port in FY2022-23, while 886 ships had arrived in FY2021-22.

Annual container handling by the port reached 59,476 TEUs for the first time in FY 2019-20, which was the most in the port's history.

On the other hand, container handling reduced by 3 percent in the Chattogram Port in FY2022-23, declining to 3,050,793 TEUs from 3,142,504 TEUs in FY 2021-22.

The Mongla Port is not fit for the anchorage of 10-meter draft ships due to the low draft of the Pasur river channel. The MPA has been trying to increase the draft of the channel for a long time, but it could not do so.

Meanwhile, cargo handling reduced by 6 percent, declining to 10.3 crore tonnes in FY2022-23 from 11 crore tonnes in FY2021-22.

As per the data, the use of Mongla Port by businessmen reduced compared to Chattogram Port.

"After the inauguration of the Padma Bridge, the possibility of increasing foreign trade through Mongla Port emerged. But it failed to materialise thanks to a failure to attract users due to the lower draft of the channel," said Mohammed Amirul Haque, managing director of Premier Cement Mill PLC, a user of the port.

The Mongla Port is not fit for the anchorage of 10-meter draft ships due to the low draft of the Pasur river channel, he said.

"We can bring at best a seven-meter draft ship through the Pasur channel, which makes the port commercially unviable for importers and exporters," he said.

The MPA has been trying to increase the draft of the channel to ensure the ply of 10-metre draft ships for a long time, but it could not do so, he noted.

As a result, despite having all facilities like the jetty, and equipment for handling containers, businessmen do not feel interested in using this port.

Even the container handling of the Pangaon Inland Container Depot (ICD) is far greater than Mongla Port, Haque said.

He further said the cost of transport would be reduced if the Mogla Port could be used as its distance to the capital is shorter than Chattogram Port due to the opening of the Padma Bridge.

Mohammad Shahidul Islam, chairman of the HNS group, said very few businessmen use the Mongla Port as it offers comparatively fewer facilities than the Chattogram Port.

However, he said car importers import around 70 percent of cars through the Mongla port.

"We use this port as the rent is lower than Chattogram port and the distance to the capital has been reduced due to Padma Bridge," he noted.

Islam opined that the use of the port would increase in the future as the MPA is gradually developing facilities.

Shaheen Rahman, chairman of MPA, said the arrival of ships reduced in the last fiscal year as imports reduced due to a global economic slowdown.

"We are trying to encourage the businessmen to use the port as well as offering necessary port facilities," he noted.

He acknowledged that container handling had reduced despite there being a huge possibility of import and export activities as its container handling capacity is up to date.

Once the ongoing dredging project at the inner bar is completed, vessels with a draft of 9.5 to 10 meters will be able to come to Mongla Port easily, he noted.

He also said ships with greater draft arriving at the port would increase the income of Mongla Port as well as government revenue.

Swadesh Islami Life's registration suspended over scam

SUKANTA HALDER

Around a month past most of its directors being relieved of their duties over the alleged embezzlement of a fixed deposit and violation of the insurance act, Swadesh Islami Life Insurance Company has now had its registration suspended for three months.

The suspension came into effect from yesterday as per a letter signed by Abdul Majid, director for law at the Insurance Development and Regulatory Authority (IDRA) and sent to the company's chief executive officer and secretary.

The company had taken a loan of Tk 14.30 crore in phases since its formation in 2014 from NRBC Bank against a fixed deposit of Tk 13.05 crore, which was the company's paid-up capital, according to the IDRA.

However, as per Insurance Act 2010, paid-up capital has to be kept free of liability.

Moreover, the loan was not shown in the balance sheet, so it appears that it was allegedly embezzled, said the insurance regulator.

In December last year, the IDRA gave seven days to 12 of the company's 18 directors, including the chairman, to justify why they should not be relieved of their duties.

It also gave the company's management 30 days to explain why the registration should not be suspended.

The 12 did not respond and the insurance regulator relieved them of their duties in early January.

The 6 directors who were retained had played a negligible role in the embezzlement, a senior IDRA official told The Daily Star on condition of anonymity.

However, the 6 were asked to form a new board but they did not take any initiative, said the official.

During a recent inspection, the company's management did not provide relevant information, prompting the regulator to suspend the registration.

A letter was also sent to the Bangladesh Bank governor seeking necessary steps against NRBC Bank, as it had approved the loans without due diligence, added the official.

Yesterday the insurer's chief executive officer, Mohammad Jamal Uddin, said they had repaid Tk 4.91 crore against the loan and were trying to pay back the rest.

Google pledges 25m euros to boost AI skills in Europe

REUTERS, *London*

Google has pledged 25 million euros ($26.98 million) to help people in Europe learn to use artificial intelligence (AI).

Announcing the funding on Monday, the tech giant said it had opened applications for social enterprises and nonprofits that could help reach those most likely to benefit from training.

The firm will also run a series of "growth academies" to support companies using AI to scale their companies and has expanded its free online AI training courses to 18 languages.

"Research shows that the benefits of AI could exacerbate existing inequalities — especially in terms of economic security and employment," said Adrian Brown, executive director of the Centre for Public Impact, which is running the nonprofit scheme alongside Google.

"This new program will help people across Europe develop their knowledge, skills and confidence around AI, ensuring that no one is left behind,"

Last month, Google announced it would invest $1 billion into building a data centre just outside of London, as it moves to meet growing demand for internet services in the region.

Mideast growth to slow for oil cuts, Gaza conflict: IMF

REUTERS, *Dubai*

The International Monetary Fund said on Sunday Middle East economies were lagging below growth projections due to oil production cuts and the Israel-Gaza conflict, even as the global economic outlook remained resilient.

Despite uncertainties, "the global economy has been surprisingly resilient," IMF managing director Kristalina Georgieva told the Arab Fiscal Forum in Dubai, while warning of a potential wider impact on regional economies of continued conflict in Gaza.

In a report last month, the IMF revised its GDP growth forecast for Middle East and North Africa down to 2.9 percent this year, lagging below October projections, due in part to short term oil output cuts and the conflict in Gaza.

The IMF last month edged its forecast for global economic growth higher, upgrading the outlook for both the United States and China and citing faster-than-expected easing of inflation.

Georgieva said economies neighbouring Israel and the Palestinian territories saw the conflict weighing on tourism revenues, while Red Sea attacks weighed on freight costs globally.

Those factors compounded "the challenges of economies that are still recovering from previous shocks," she told the forum on the sidelines of the World Governments Summit in Dubai.

Egypt's Finance Minister Mohamed Maait told Reuters on the sidelines of the summit that part of the impact of the diversion on Suez Canal revenues could be absorbed due to good growth in "the period before the events."

Pedestrians walk down the street with skyscrapers of the Moscow International Business Centre in the background. Energy exports are a critical source of revenue for Russia's budget, bringing in billions of dollars every month.

PHOTO: AFP/FILE

Russian exports to Europe down two-thirds in 2023

AFP, *Moscow*

Russian exports to Europe dropped by more than two-thirds in 2023, as the EU drastically cut its purchases of Russian oil and gas, Russia's customs agency said Monday.

EU countries have halted the vast majority of their energy purchases from Russia in a bid to heap economic pressure on Moscow over its military offensive against Ukraine.

Russian exports to Europe dropped 68 percent in 2023 to $84.9 billion, the Interfax news agency cited Russia's federal customs agency as saying.

Exports to Asia -- which has replaced Europe as the country's main energy client -- were up 5.6 percent to $306.6 billion, the agency said.

After it was hit with Western sanctions, Moscow stopped publishing a vast array of economic statistics, including trade data with individual countries.