Oil rises on uncertainty over war

REUTERS, *Houston*

Brent crude oil climbed more than $1 a barrel on Friday over ongoing uncertainty about the negotiations in progress that determine control of, and reopen, the key shipping artery of the Strait of Hormuz.

Brent crude futures settled at $83.55 a barrel, gaining $1.06, or 1.3 percent. West Texas Intermediate futures finished at $78.18 a barrel, up 89 cents, or 1.15 percent.

Oil futures settled more than $3 a barrel higher on Thursday as Iran reviewed a bill to ban US and Israeli vessels from the Strait of Hormuz, through which roughly a fifth of the world's oil and liquefied natural gas normally passed before the war began at the end of February.

Oil prices fell earlier in the week as a possible solution to the conflict looked more likely, part of an on-again, off-again pattern that has persisted since the US and Israel jointly struck the nation in late February, igniting a conflict that has now stretched into a sixth month.

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Brent was on course for a weekly loss of more than 8 percent, while WTI lost more than 7 percent.

While this week's signals on a potential deal have sent a roller-coaster ride in market sentiment, the market remains in the dark as to what needs to happen for the agreement to be clinched, said Vandana Hari, founder of oil market analysis provider Vanda Insights.

"The market is trying to assess if an Iran-Oman agreement would allow a US-flagged vessel to transit the Strait of Hormuz," said Andrew Lipow, president of Lipow Oil Associates.

"Would it allow a US-owned vessel to go through? Would it allow a vessel headed for a US port to go through?"

Both Iran and Oman are said to have agreed on the route ships would take through the strait, which lies between their two countries. It is unclear if the US will agree to these terms.

Analysts also said that this week's developments have signalled that hostilities between Iran and the US are not yet over.

Iran is seeking fees of between 5 percent and 7 percent of the price of cargoes from ships using the strait, a senior Iranian official said.



Public sector demand for locally manufactured prefabricated steel, like the one seen in this photo, has dropped by nearly 90 percent, according to industry insiders.

PHOTO: STAR/FILE

Local prefabricated steel industry hits demand slump

JAGARAN CHAKMA

Bangladesh's prefabricated steel industry faces a severe downturn driven by a sharp contraction in public infrastructure spending, sluggish private investment, and rising competition from duty-free imports, executives said.

Prefabricated steel structures -- pre-engineered components assembled on-site -- are heavily used across commercial and industrial projects. However, demand has collapsed alongside a broader national development slowdown.

Implementation of Bangladesh's Annual Development Programme fell to a 53-year low in fiscal year 2025-26, with authorities executing just 67.52 percent of the revised budget.

Public sector demand for locally manufactured prefabricated steel has dropped by nearly 90 percent, according to Md Sarwar Kamal, managing director of McDonald Steel Building Products Ltd.

Industry insiders estimate the domestic market at Tk 4,000 crore, with industrial projects accounting for 80 percent of demand, followed by commercial (15 percent) and residential (5 percent) construction.

Despite a government directive mandating local construction materials in public projects, industry officials allege foreign-funded developments continue to import finished steel duty-free.

"This creates a serious disadvantage for local investors," Sarwar said.

Foreign suppliers are often able to bring finished structures into the country under duty-exempt arrangements, undermining local producers, he added.

In response to the market imbalance, McDonald Steel has urged the National Board of Revenue (NBR) to either offer concessional customs duties on imported raw materials used in structural steel production or levy equivalent duties on imported finished components.

"This policy does not support the growth of the local prefabricated steel structure industry," Sarwar stressed.

He emphasised that the duty disparity is especially damaging given the substantial capital domestic firms have already invested in modern manufacturing plants, machinery, advanced technology, and workforce training.



Local producers have demonstrated the capacity to meet international standards and have previously supplied major national infrastructure projects, according to Sarwar.

Local manufacturer Tiger Steel invested roughly Tk 180 crore in 2021 to build a facility in Bhaluka, Mymensingh, anticipating a surge in industrial expansion.

However, the fallout from the Russia-Ukraine war, a weakening domestic economy, dollar shortages, and subsequent political instability severely disrupted those growth plans. New investment largely dried up, driving demand for industrial construction materials down to near zero.

"I am looking for a buyer for the factory because it has become a burden for me," said Liton Kumar Sharma, managing director of Tiger Steel.

Liton noted that the plant is currently operating at no more than 15 percent of its capacity, forcing the company to slash its workforce from 250 to approximately 110 employees amid slim prospects for a near-term market recovery.

The factory's retrenchment underscores a broader vulnerability across the sector: when industrial investment slows, demand for prefabricated steel falls in tandem.

The downturn has impacted major producers across the board, though some market segments show signs of resilience.

PEB Steel is currently operating at roughly 60 percent of its production capacity after industrial orders dropped by about 20 percent, according to Jowher Rizvi, managing director of the company and president of the Steel Building Manufacturers Association of Bangladesh.

To adjust, the firm has cut operations from two shifts to one, producing around 2,000 tonnes of steel structures per month.

While Jowher characterised the slowdown as a reflection of broader economic cooling rather than a critical failure, he noted that investment decisions typically pause ahead of the national budget as businesses await policy clarity on taxes and duties.

He also criticised the misuse of duty-free import privileges by some companies operating in Export Processing Zones (EPZs) and special economic zones, alleging that surplus duty-free steel enters the domestic market to unfairly compete with local makers.

Despite weaker orders, Jowher said his company would survive, although business "could have been much better."

Meanwhile, certain players are tapping into alternative sources of demand. Steelpac, an Energypac concern, is reporting steady order inflow driven primarily by defence infrastructure and solar energy developments.

The firm, which holds an annual production capacity of around 15,000 tonnes, is currently producing about 800 tonnes a month and executing a 2,500-tonne contract at the Rajendrapur Cantonment. Almoy Biswas, chief engineer at Steelpac, said rising inquiries from defence authorities and prospective utility-scale solar projects are expected to generate additional momentum.

South Korea CEPA and the next agenda

MAMUN RASHID

Every stage of economic development demands a different policy mindset. For Bangladesh, graduation from the LDC category is one such defining moment. It is recognition of steady progress over the past five decades, but also the beginning of a more competitive era. The preferential market access that has long supported the country's export growth will gradually diminish, requiring Bangladesh to compete increasingly on productivity, innovation and investment rather than preferential treatment.

It is in this context that Bangladesh's Comprehensive Economic Partnership Agreement (CEPA) with South Korea deserves attention. This is not simply another trade agreement. It reflects a broader transition in Bangladesh's economic strategy -- from depending on unilateral trade preferences to building long-term partnerships centred on investment, technology, services and industrial collaboration.

South Korea is among the world's most advanced industrial economies, importing over $600 billion worth of goods annually. Yet Bangladesh exports only around $600 million to this market, with nearly 90 percent consisting of RMG. That figure speaks not only of the strength of Bangladesh's apparel industry but also of the limited diversification of its exports.

The significance of CEPA therefore lies in its ability to reshape that relationship. Once implemented, 8,428 Bangladeshi products will enjoy preferential access to the Korean market. Besides garments, sectors such as leather and footwear, pharmaceuticals, home textiles, processed food, jute-based sustainable products, engineering goods and ICT-enabled services are well positioned to expand.

Yet reducing tariffs is only one dimension of the agreement. Unlike a traditional Free Trade Agreement, CEPA extends to investment, trade in services, digital commerce, customs cooperation, intellectual property and the movement of professionals.



South Korea is already one of Bangladesh's largest foreign investors, with more than 200 Korean companies operating across manufacturing, ICT, infrastructure and other sectors. Vietnam's experience offers a telling example. Its emergence as a manufacturing powerhouse was driven not merely by market access but by sustained Korean investment, technology transfer and integration into global supply chains. Bangladesh possesses many of the same fundamentals -- a young workforce, competitive production costs and growing industrial capability. Whether these advantages translate into higher investment will depend less on the agreement itself than on the country's investment climate.

That brings the discussion back to domestic reforms. Trade agreements can open markets, but they cannot eliminate structural bottlenecks at home. Investors continue to assess Bangladesh through the reliability of its energy supply, the efficiency of its ports, the predictability of regulations and the speed of customs clearance. These challenges have been discussed for years. Bangladesh can no longer afford to postpone addressing them if it wants to remain competitive. Export diversification is an imperative.

Equally important is the need to rethink Bangladesh's export strategy. The next phase of development will require greater investment in technology, skills, research and higher-value manufacturing. Export diversification is no longer a desirable objective. It has become an economic imperative.

Viewed through this lens, the Bangladesh-South Korea CEPA is not the destination but the beginning of a new chapter. Agreements can create opportunities, but they cannot guarantee outcomes. Whether this partnership becomes a milestone in Bangladesh's economic transformation or merely another signed document will ultimately depend on the choices made at home. Competitiveness, not concessions, will define the country's next stage of development.

While we thank the commerce ministry for its efforts in this process, we also urge it to pursue possible free trade agreements with large trading partners, including the European Union.

The writer is an economic analyst

Everybody wants energy security post the Iran war, but how?

REUTERS, *Launceston*

The lasting legacy of the Iran war will likely be a renewed impetus for energy-importing nations to lessen their dependence on fossil fuels.

The big question for these countries is how to accomplish this in a cost-effective, politically acceptable way that does not create new vulnerabilities.

This is no easy feat.

The debate is often framed along left- and right-wing political fault lines.

Progressives typically say the conflict underscores the need to accelerate the transition to renewables and electric vehicles (EVs), while conservatives argue it shows the need to develop more fossil fuel production outside the Middle East.

The Iran war, launched by the US and Israel on February 28, has effectively closed the Strait of Hormuz.

The narrow waterway previously carried close to 20 percent of global crude, refined products and liquefied natural gas (LNG).

Markets are still pricing in an eventual reopening of the strait, but the risks around the movement of crude and fuel from the Gulf have shifted in the past five months, as Iran is likely to end up with some form of control over vessel movements through the chokepoint.

For fuel-importing nations, the Iran war is the second crisis in four years.

Russia's 2022 invasion of Ukraine caused prices for crude, fuel, LNG and thermal coal to spike globally amid fears that exports from Russia would be curtailed.

The status quo is clearly no longer acceptable, so the question is how energy security can be achieved moving forward.

Australia - the world's leading diesel importer - offers a prime example of the dilemma facing fuel importers.

Should the country revive its oil refining industry decades after shutting most of its plants down, or should it accelerate electrification to cut its reliance on imported fuels?

The answer is complex and offers some far-reaching lessons.

REFINERY IDEA

Australia relies on imports for about 80 percent of its liquid fuel needs.

Its eight refineries operating at the start of the century have been reduced to just two - both relatively small, with processing capacities of just over 100,000 barrels per day (bpd) each.

The country imported about 861,000 bpd of light and middle distillates in 2025, with diesel accounting for about 60 percent of that, according to data from commodity analysts Kpler.

The threat of ongoing supply disruptions and sharply higher prices led Australia's government to recently announce an A$4 million ($2.8 million) pre-feasibility study for a new oil refinery.



An aerial view of oil storage containers near the Chevron Pasadena Refinery in Texas.

PHOTO: AFP/FILE

If built, it would be the first such plant in 60 years.

The basic plan is to build a plant in Western Australia to supply both the mining and agricultural sectors.

The state, which is nearly five times the size of France but home to just 3 million people, imports around 200,000 bpd of light and middle distillates, according to Kpler.

The new refinery was proposed by fertilizer and urea maker Perdaman, which has described the plant as a "game changer for Australian fuel security."

That might be true, but the question is who would pay for it.

A modern, economically viable refinery requires a capacity of at least 300,000 bpd.

It would also have to be complex enough to turn crude into mainly light and middle distillates, as there is little demand for residual fuels.

A similar-sized plant being built in Ghana is estimated to cost around $12 billion, and would likely cost substantially more in Australia given higher labour and land charges.

Any new plant would also need crude offloading and product export capability, as well as storage tanks capable of holding 90 days of crude imports as a strategic reserve.

While it's entirely possible to build such a refinery, the question is whether the cost is worth it, especially since it doesn't exactly deliver fuel security.

It would instead shift reliance from imported products to imported crude.

ELECTRIFY EVERYTHING

Would it instead be better to encourage mining companies and farmers to electrify their operations?

Fortescue Metals Group is doing just that, a move that Australia's third-biggest iron ore miner says is already paying dividends.

Data from clean energy website Renew Economy shows that Fortescue's adoption of electric mining vehicles and renewable electricity generation provides a net annual benefit of A$1.2 billion ($840 million) over using diesel and natural gas power generation.

It's not just miners and farmers that may benefit from going electric.

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