$40M PACT SIGNED FOR MICROFINANCE PROMOTION

KARACHI: Standard Chartered Bank Pakistan Ltd has signed an unfunded risk-participation agreement with British International Investment (BII), a UK development finance institution and impact investor, to provide support to the microfinance sector in Pakistan.

A press release said on Monday the two institutions will enter into a $40 million programme — subject to regulatory authorisation — under which BII will cover 50 per cent of the Pakistani bank's risk on local currency loans to the target sector.

Local currency lending to microfinance institutions in Pakistan is relatively low and the sector relies on foreign currency lending, which accounts for approximately 50pc of microfinance funding. Through this programme, BII will help Standard Chartered expand its outreach across the microfinance sector by establishing a long-term local currency lender in the market. The programme will focus on the wholesale microfinance lending, offering loans to microfinance providers so they can maintain and extend more credit to customers.

Dawn 18-4-2023

PAKISTAN EYES 14,000MW CLEAN ENERGY: EXPERTS CALL FOR ENCOURAGING CHINESE INVESTMENT IN SOLAR AND WIND POWER

KARACHI: Pakistan has planned to induct 14,000 megawatts of renewable energy (RE) into the national grid over next 10 years in a bid to supply low-cost electricity to consumers and fight climate change. Speaking at a webinar titled "Accelerating Chinese Renewable Energy Investment in Pakistan", organised by Renewables First on Monday, speakers stressed the need for creating an enabling environment to attract Chinese investment in wind and solar power projects.

Alternative Energy Development Board (AEDB) CEO Shah Jahan Mirza emphasised that Pakistan held immense potential of producing renewable energy. "Pakistan has an ambitious goal of adding 14,000MW of wind and solar energy to the grid in the next 10 years," he said.

Organisers of the webinar in a statement cited Mirza as saying that Chinese investors should be encouraged to play a leading role in "developing the RE market of Pakistan…they could play a significant role."

Speaking at the event, National Electric Power Regulatory Authority (Nepra) Chairman Tauseef H Farooqi said that Chinese investors had a pivotal role to play in supporting Pakistan in its journey to privatise energy distribution and modernise transmission, while adding the cheapest solar and wind energy to the electricity mix. "We are very upbeat about the potential of Chinese investment in renewable energy," he remarked.

Goldwind Menat Region General Manager Xiaohui Ma said while the regulatory framework and incentive structure were favourable for investment in renewable energy, the wind power industry had been facing a number of challenges in Pakistan such as the unannounced moratorium on import of renewable energy equipment. He urged the government to refocus on both wind and solar PV and develop ambitious plans and frameworks in tandem for both technologies to maximise their benefits for Pakistan.

In order to attract more foreign investment, China Three Gorges South Asia Investment Limited Deputy CEO Noorul Arifeen Zuberi underscored the need for a streamlined project development process and removal of barriers through close collaboration and effective engagement with stakeholders. He called for private sector investment in transmission and distribution as a solution to the bottlenecks in the way of greater renewable energy integration.

"The discussion highlighted the discourse on redirecting Chinese investment in Pakistan's energy sector from coal to clean energy," the statement added.

Pakistan's total energy production stood at 7,756 gigawatt-hours (GWh) in February 2023, where the share of renewable energy was around 5%.

The government has targeted to increase its share to 20% by 2025 and 30% by 2030. For the purpose, it has published detailed plans in the IGCEP 2022-31 and the Alternative and Renewable Energy Policy.

Other experts, however, believe Pakistan is going too slow on new renewable energy projects. "We are far away from meeting the goals of 20% renewables in the energy mix by 2025 and 30% by 2030," an expert said, indicating that over the next 10 to 20 years, Pakistan would continue to depend heavily on (expensive) fossil fuel-based power projects."

"Since renewable energy projects don't use any fuel, an increase in the number of green projects will help the country gradually take control of the burgeoning circular debt and capacity payments as well," he said.

As of June 2021, the cumulative investment (foreign and domestic) in renewables amounted to $4.79 billion, of which $786 million was in solar, $3,752 million in wind and $258 million in bagasse.

Expected investment in the upcoming renewable energy projects (solar, wind and bagasse) over the next two years stands at $866 million.

The use of renewable energy can also help enhance exports, as global buyers question about greenhouse gas emissions and their global impact. The share of Pakistan in global warming is around 1%.

TR 18-4-2023

OGRA TEAM'S RECOMMENDATIONS IRANIAN LPG IMPORT CAN EXPOSE PAKISTAN TO US CURBS

ISLAMABAD: Pakistan can be exposed to a major risk of drawing sanctions from the US and Western countries and diplomatic pressures with grave consequences if it imports Iranian LPG. This is the crux of Oil and Gas Regulatory Authority (Ogra) recommendations following a visit by a team, constituted by the authority, of Iranian LPG facilities at Taftan from April 6-7.

The Ogra has also found the quality of Iranian LPG to be highly substandard and the LPG transfer facilities at Taftan to be hazardous and can lead to a catastrophic explosion during transfer. The team was sent at the direction of the top management of the regulator. The officials of the Hydrocarbon Development Institute of Pakistan (HDIP) were also part of the Ogra team that inspected the quality of the LPG and other facilities installed at Taftan.

During the survey of Iranian LPG facilities, the Ogra team found them to be substandard posing a serious hazard. The report suggests that during gas transfer an explosion can occur, called BLEVE (Boiling Liquid Expanding Vapor Explosion) releasing a vast amount of energy in the form of shock waves, projectiles, and thermal radiation causing unprecedented annihilation. Iran has been under US economic sanctions for its ambitious nuclear program for decades and Pakistan is unable to lay down the portion of the proposed Iran-Pakistan oil pipeline in its territory because of the sanctions. The Ogra experts have warned against importing LPG from Iran due to the risk of drawing sanctions from the US and other Western countries. The report suggested Ogra sensitize the government on this particular issue and take appropriate actions to stop the LPG import from Iran. They have also highlighted that international agencies hostile to Pakistan operating in Balochistan, can also deliberately sabotage imports at Taftan.

The OGRA team also said it is unclear whether Irani LPG HS Code is under sanction or otherwise as HS Code is mentioned in the Goods Declaration (GD). However, Iranian entities (umbrella companies) and banks are under international sanctions. Therefore, importing Iranian LPG cannot be declared as a legal activity. The team also posed a question if OGRA can give a license to establish an LPG import terminal and LPG Quality testing Lab and regulate unapproved product transfer facilities. And what action the Authority can take if Iranian LPG entities and banks fall under US sanctions.

The OGRA team recommended the maximization of indigenous energy resources especially oil, gas, coal and also LPG (production/extraction) as strongly recommended by Energy Wing (MOPDSI), Policy Wing, Petroleum Division and others. In its conclusion, the team suggested Ogra take necessary actions to ensure safety from a major accident threatening the safety of the general public in Taftan besides seriously studying the grave consequences for the country in view of international sanctions over Iranian LPG.

TN 18-4-2023

GAS SUPPLY RESTORED: LDPL WITHDRAWS OFME NOTICE

ISLAMABAD: M/s Liberty Dharki Power Limited (LDPL) has withdrawn Other Force Majeure Event (OFME) notice served on Sui Northern Gas Pipeline Limited (SNGPL) after restoration of gas supply to the power complex, well-informed sources told *Business Recorder*. Emran Ahmed Khan, Co-Chief Executive Officer, LDPL, in letter to CEO CPPA-G and Managing Director SNGPL has stated that through its letter of March 17, 2023 declared Other Force Majeure Event under Article 13.1(c) of the Power Purchase Agreement (PPA) read with Section 2.8 of the Settlement Terms of the PPA Amendment.

The notice was necessitated following the suspension of gas supply to the company's power generation complex by Sui Gas Pipeline Limited on March 17, 2023. Subsequently, in response to Liberty Dharki Power Limited's request, the SNGPL, in its letter of April 5, 2023 informing to the company to restore the gas supply and complex was synchronised with the grid on April 5, 2023 at 2023 hrs after necessary gas treatment process.

The complex achieved base load of 225 MW on April 5, 2023. Accordingly, the company declared full availability of the Complex to NPCC.

Co—CEO, LDPL, in his letter has conveyed that based on restoration of gas supply, to Liberty Dharki Power Limited has notified SNGPL of the cessation of OFME of the Complex. Earlier, the power company communicated cessation of Other Force Majeure Event to CPPA-G through cessation of OFME letter.

However, despite sharing of CPPA-G payment plan with the SNGPL and personal follow-ups with their management, the SNGPL has again suspended gas supply by giving instructions to the Plant Manager, Qadirpur Field vide SNGP Gas Suspension Letter. The company has reproduced Section 2.8 of the Settlement Terms which is annexure B to the PPA Amendment Agreement executed on 15 October 2021, as follows:

"Further understandings: The Parties further agree and declare that outside of any OFME period, any future outage or failure or interruptions to the complex's generating capability and/or failure to deliver Net Electrical Output on account of non-supply of fuel by any of the Fuel Suppliers shall: (1) release the Company from any obligation to use backup fuel, (2) not to be treated as a Forced Outage/Partial Forced Outage under the PPA; and (3) be treated as an Other Force Majeure Event under the PPA."

The company had argued that the performance of the Company to operate the Complex and to discharge its contractual obligations under PPA had been constrained on account of suspension of gas supply by the gas supplier, which is beyond the reasonable control of the Company, and as a consequence thereof, the company has declared Other Force Majeure Event under Section13.1(c) with effect from 14:15 hrs of March 17, 2023. According to the company upon declaration of Force Majeure, it would be excused from the performance of its obligations under the PPA and shall not be liable for any failure in performing such obligations till such time the gas supply is restored by the SNGPL.

The power company had emphasized that while the cause of OFME stems from delay in payments by CPPA-G, the LDPL and power consumers are left to suffer the consequences.

R 18-4-2023

MARKETING COMPANIES SELLING LPG AT PRICE HIGHER THAN OGRA DETERMINED RATE

ISLAMABAD - The LPG marketing companies, including the state owned Sui companies, while challenging the Ogra writ, are selling the liquefied gas at rate higher by up to Rs100 per kilogramme than the regulator determined rate. Even the state-owned Sui Southern Gas Company Limited (SSGC) is selling the LPG at Rs3300 per 11.8kg domestic cylinder which is Rs600 higher than the Ogra determined rate of Rs 2702/11.8kg domestic cylinder. Since SNGPL is also getting LPG from SSGCL, therefore its rate is also higher than Ogra determined price.

Ogra's LPG rate is Rs229/ kg for April 2023 but the state owned Sui companies are selling gas at Rs280 per kg while the other private companies are selling it at around Rs330/kg. Irfan Khokhar, Chairman of the LPG Industries Association, blamed the state owned SSGC for its involvement in the black marketing of LPG. The black marketing of liquefied petroleum gas (LPG) in Pakistan has reached alarming levels of nearly Rs750 million (US$2.6 million) per day, he claimed. Price violators are exploiting the political and economic unrest, leaving the government unable to control the skyrocketing prices, he maintained.

This situation has given rise to a gas mafia that is exploiting the price hike by engaging in widespread black-marketing activities across various regions of the country. The importers and quota holders especially SSGC have ganged up and sold the gas to poor consumers at exorbitant prices in the range of Rs100 to 150/kg above the government's notified prices in major urban centers and far-flung areas. The country's daily consumption of LPG is 5000 tons (5 million kilograms).

The price manipulators are increasing the price day by day, with the illegal traders increasing the price by Rs10/kg, domestic cylinder by Rs100, and commercial cylinder by 400 rupees. In major cities, LPG is being sold at over Rs320/ kg, and in hilly and far-flung areas, it is being sold at Rs350. In Gilgit Baltistan, the product price has reached Rs370/kg, which is significantly higher than the OGRA's notified price of Rs229/kg, he claimed.

The Oil and Gas Regulatory Authority (OGRA) however has failed to control the situation, despite its slashing the LPG price by Rs100 per kilogram to Rs229/kg for domestic and commercial consumers for April 2023 due to global gas prices drop.

It is worth mentioning here that Aramco, the Middle Eastern oil producer, had reduced the contract price (CP) of propane and butane to Asia for April 2023 by $165/ton a month ago to $555/ton and $545/ton, respectively, down by $195/ton. Propane and butane are two significant components of LPG sold to Asian countries, Khokhar claimed. In Pakistan, the applicable prices of LPG are calculated on a 40:60 ratio of propane to butane. Any changes in the CP of these two components can have a significant impact on the LPG prices in Pakistan. But, unfortunately, the government's lack of control over LPG prices has led to an alarming situation for both the government and the general public. Consumers are forced to pay exorbitant prices for LPG, which has become an essential commodity for households and businesses alike. Chairman of the LPG Industries Association criticized the government's policies towards the LPG industry, stating that they have resulted in a negative impact on the sector. He is calling for taxes on LPG to be waived, citing the high cost of taxes which LPG distributors have been paying, and for the government to restart the LPG production plant of Jamshoro Joint Venture Limited to ensure a sustainable supply of cheaper LPG. Khokhar also suggested that the government should treat the LPG industry in the same way as the LNG sector, where no taxes are imposed, which would allow LPG to be supplied to domestic consumers at a lower cost than piped gas. When contacted, Imran Ghaznavi, Executive Director and Spokesperson Ogra, said that Ogra would take action against those selling LPG at higher rates.

Nation 18-4-2023

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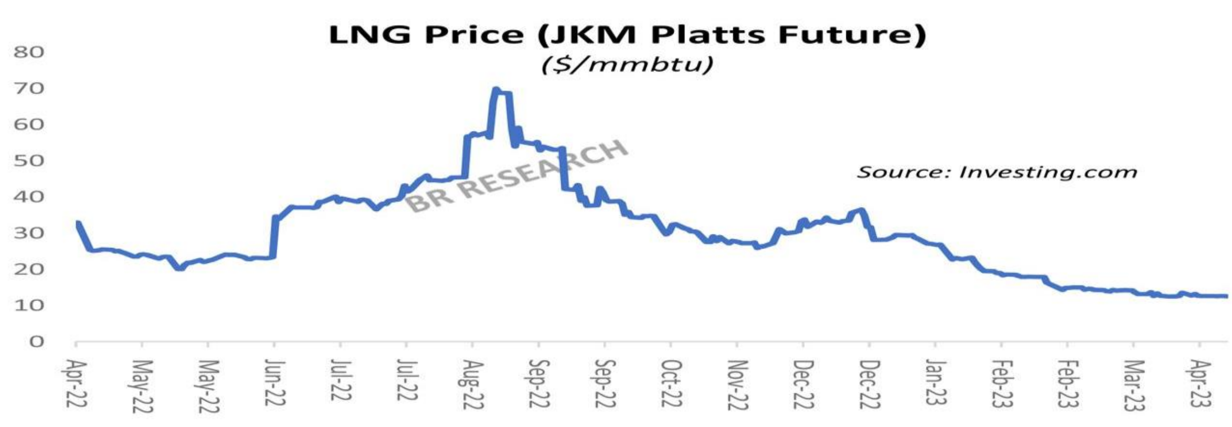
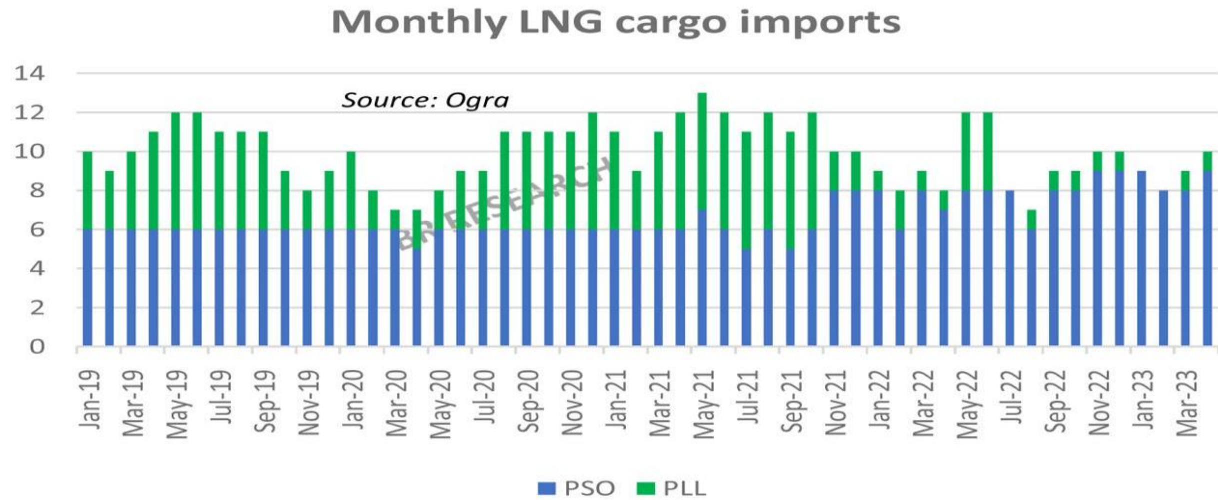
LNG: CAN PAKISTAN STAY RELEVANT

From the entire Europe lining up to secure every possible LNG vessel and store as much as possible a few months ago – the LNG market dynamics have come a full circle. Having climbed up to near $70/mmbtu in late August 2022 – LNG Japan-Korea Marker (JKM) benchmark future contract prices have come down to near $12/mmbtu. April 2023 has so far seen average prices dip by 8 percent from a month ago.

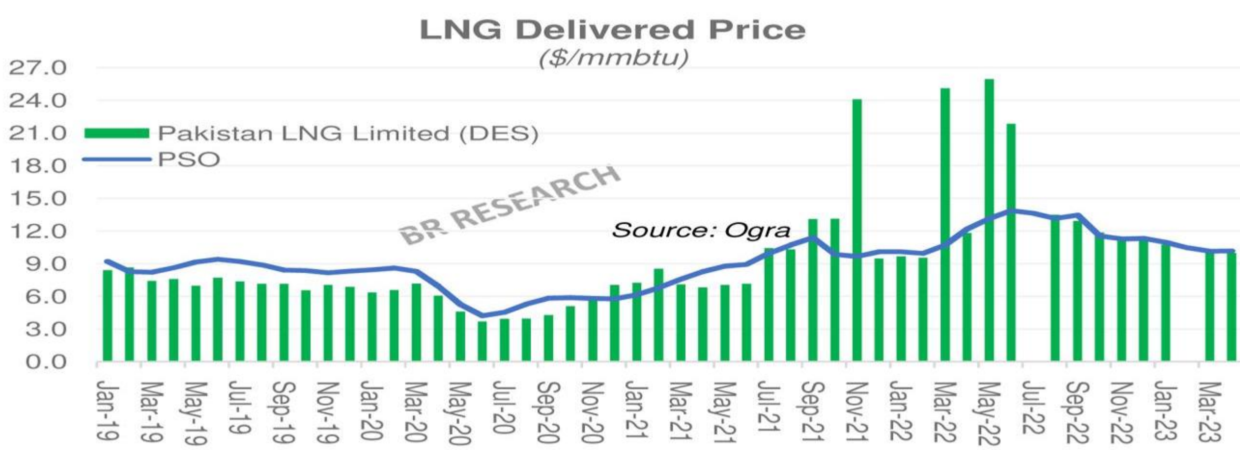


Europe seems to have the stomachs full as the demand center gradually shifts back to Asia. Recall that Asian buyers have historically been the dominant force in LNG markets, before the harsh winters of 2021 compelled Europe to engage in anticipatory buying – driving out key Asian buyers. China's remarkably strong start to the path of recovery means the top spot is regained – with Japan and Korea steady as always.



The likes of India, Pakistan, and Bangladesh having been nearly shut out, especially from the spot market, now stand a chance to take advantage of low prices. Exports to India have already picked up, but Pakistan may not be able to take full advantage yet. Dollars continue to be short supply in Pakistan – evident from much reduced LNG imports even in the peak winter demand season – at average Delivered-Ex-Ship prices of average $10/mmbtu since the start of 2023.

Long-term contracts have been the saving grace for Pakistan, without which Pakistan would have struggled to even afford or arrange a single cargo when prices shot up beyond $30/mmbtu. Pakistan's last spot cargo arrived way back in June 2022 – after which there have been frequent cancellations and no-bids for months. Last two months have seen smaller cargoes of half the usual size imported by Pakistan LNG Limited under long-term deals of Brent slope at 12.14 percent.



Brent oil has inched up once again and could take the landed price slightly higher for the next two months – but it will still largely be under control. Pakistan has slipped down in terms of relevance for LNG market – as bigger buyers have of late inked several long-term contracts, leaving little free LNG available for the next three to four years. The spot market will continue to favor the richer countries that can afford to pay hefty premiums – which will continue to corner Pakistan.

As summer arrives, the electricity system will need 12-13 monthly cargoes to satiate the plants' demand at full throttle. That is unlikely to happen and more inefficiencies in the generation chain are just around the corner – as economic order of dispatch will continue to be violated, there will be higher incidence of load shedding, fuel adjustments will be higher as more expensive fuel will be used to compensate for LNG. To think that it has not even been a year when the previous government was being lambasted for not putting an additional LNG terminal in its tenure. Pakistan's LNG story may already have climaxed.

R 18-4-2023

DRAP HASN'T REGISTERED ANY MEDICINE FOR TREATING HAEMOPHILIA PATIENTS

ISLAMABAD: The Drug Regulatory Authority of Pakistan (Drap) has not registered any medicine to treat haemophilia patients who rely on smuggled 'factor VIII' – a clotting protein – for treatment. On World Haemophilia Day (WHD), a seminar was also arranged in the federal capital wherein the regulatory body was urged to register medicines to treat the chronic disease. April 17 is chosen as the WHD in memory of Frank Schnabel, who was born on this day in 1942 and dedicated his life to improving the lives of people affected by bleeding disorders.

According to the in charge of the blood bank at Pims, "Factor VIII is not registered with Drap so it becomes difficult to arrange it. It can be given after three months or even earlier depending on individual cases." Dr Farwa Sijjeel told *Dawn* that the disease was an inherited bleeding disorder in which the blood does not clot properly. "This can lead to spontaneous bleeding as well as bleeding following injuries or surgery," she said, adding that the patients with the diseases lack 'factor VIII' protein in their blood.

"A woman can be a carrier of the haemophilia and transmit it to her offspring, but it appears only in male children. There are 13 clotting factors in the human body…haemophilia is due to the deficiency of factor VIII…once the bleeding starts, it cannot be stopped without the intervention of a medical expert and treatment with factor VIII," she said, adding that amid a dearth of testing, the disease is usually diagnosed at the time of circumcision. Dr Sijjeel said patients usually lived a normal life but they needed medication, including 'Factor VIII', which is used to stop bleeding. She also pointed towards the apathy at the government level toward this disease. Dr Sijjeel said that Baitul Mal made a one-time payment of Rs600,000 to each patient for their treatment, which was insufficient as a single dose of this blood protein was priced at about Rs50,000. She suggested that the disease should be covered under the health card. "Patients of haemophilia live a normal life but they need medication which should be provided as their basic right," she said.

Separately, the first-ever stakeholder consultation on a national level was organised in Islamabad by the Speak Trust in collaboration with the Haemophilia Federation of Pakistan (HFP). The objective of the meeting was to initiate a national debate on the issues, challenges and inequities faced by the Haemophilia community in Pakistan.

The event was chaired by Ministry of National Health Services Deputy Director Dr Ambreen Nadeem and HFP President Ali Abbas Zaidi, who is a haemophilia patient as well. Speaker Trust Founder Shahbaz Akbar Chaudhary welcomed the participants and outlined the aims and objectives of the consultative meeting and the plans to address and mitigate the challenges faced by haemophilia patients and families.

The HFP representatives highlighted in detail the various aspects of the disease and its challenges in the local context and provided recommendations and suggestions, especially in view of the 2023 theme – "Access for All: prevention of bleeds as the global standards of care".

Prof Zaheer stressed the need to have a technical working group notified by the health ministry to work on the 'National Policy on Genetic Blood Disorders' followed by the development of the national strategic framework to successfully manage these disorders in Pakistan. In developed countries and even in some developing countries, patients with these genetic blood disorders are well-managed on prophylaxis (factor concentrates and other medicines) and have a normal life span with minimal morbidity and mortality rates. They are considered chronic disorder patients requiring multi-disciplinary care, he added. During the interactive discussion session, the participants shared their insights and provided useful and workable solutions for improving the quality of life of patients affected with haemophilia and other bleeding disorders. They also urged Drap to register haemophilia medicines and also sought the establishment of dedicated haemophilia treatment and care centers to facilitate the patients.

The health ministry representative appreciated the efforts of the meeting organisers and promised to work for the welfare of the haemophilia patients.

Dawn 18-4-2023

DEADLINE FOR PRIZE BONDS ENCASHMENT EXTENDED

KARACHI: The federal government has announced to extend the last date for encashment of withdrawn prize bonds. According to State Bank of Pakistan (SBP), federal government has given another opportunity to the public to get the withdrawn prize bonds of Rs.7500, 15,000, 25,000 and Rs. 40,000 redeemed/ encashed by June 30, 2023.

Earlier, the government had fixed deadline of June 30, 2022, for redemption/ encashment of these prize bonds; however, considering that some of the prize bond holders could not get their bonds redeemed a final opportunity has been given for encashment of prize bonds till 30th June 2023.

The investors of aforesaid prize bonds can made encashment at Face Value or convert to Premium Prize Bonds of Rs. 25,000 and/or Rs. 40,000 (Registered).

Investors can also replace with Special Savings Certificates (SSC) or Defence Savings Certificates (DSC).

The prize bonds can be redeemed from SBP Banking Services Corporation office and branches of commercial banks across the country till 30th June 2023.

The SBP has issued necessary instructions to commercial banks to accept requests from general public for encashment or exchange of the prize bonds till the extended date.

The general public holding these bonds is encouraged to avail this final opportunity and get their holdings redeemed before 30th June 2023. These prize bonds shall not be en-cashable or exchangeable after the expiry of the extended deadline, thereby rendering them worthless.

R 18-4-2023

MALIR DEVELOPMENT AUTHORITY TO OFFER LOW-COST HOUSES

Sindh Minister for Local Government Syed Nasir Hussain Shah on Monday announced that the Malir Development Authority (MDA) would develop a new low-cost housing society. Shah said that public housing schemes are necessary for the poor, so the MDA would introduce a low-cost housing scheme like other housing authorities, he said during a meeting of the governing body of the MDA that he chaired at his office. He said the MDA should be a facility for the people. He explained that Pakistan Peoples Party (PPP) Chairman and Foreign Minister Bilawal Bhutto Zardari’s vision is to provide all possible relief and facilities to the people of Sindh. He also said that all the local bodies are being made relief institutions for the people. He directed the MDA officials to follow the new rules of the Board of Revenue (BoR), and take steps to increase the salaries of the MDA’s daily-wage employees on the pattern of the provincial government.

The LG minister said that like other authorities, the MDA is considering buying relevant machinery and equipment for the removal of encroachments because renting machinery for the removal of encroachments wastes both time and money. He said that before introducing new housing schemes under the MDA, all the legal requirements related to the revenue boards should be fulfilled while ensuring that the lands of all the authorities are transferred to Form Two. He told the meeting that there has been a proposal to cancel the plots of those who have paid for less than 50 per cent of their plots after all the legal requirements, so advertisements will be issued in major newspapers regarding the defaulters. He said that issues related to the BoR should be resolved. He added that for the elimination of encroachments, including the proposal of establishing a separate police station of the MDA, the proposal of keeping security guards on the pattern of the Karachi Development Authority is also under consideration. Shah said that all possible facilities would be provided to those who are interested in building a university or a hospital under the MDA, adding that terms of reference would be devised for those who want land for constructing the university or the hospital.

TN 18-4-2023

EU LAWMAKERS CALL FOR SUMMIT TO CONTROL ‘VERY POWERFUL’ AI SYSTEMS

LONDON/ STOCKHOLM: EU lawmakers urged world leaders on Monday to hold a summit to find ways to control the development of advanced artificial intelligence (AI) systems such as ChatGPT, saying they were developing faster than expected. The 12 MEPs, all working on EU legislation on the technology, called on US President Joe Biden and European Commission President Ursula von der Leyen to convene the meeting, and said AI firms should be more responsible.

The statement came weeks after Twitter owner Elon Musk and more than 1,000 technology figures demanded a six-month pause in the development of systems more powerful than Microsoft-backed OpenAI’s latest iteration of ChatGPT, which can mimic humans and create text and images based on prompts. That open letter, published in March by the Future of Life Institute (FLI), had warned that AI could spread misinformation at an unprecedented rate, and that machines could “outnumber, outsmart, obsolete and replace” humans, if left unchecked.

The MEPS said they disagreed with some of the FLI message’s “more alarmist statements”. “We are nevertheless in agreement with the letter’s core message: with the rapid evolution of powerful AI, we see the need for significant political action,” they added.

The letter urged democratic and “non-democratic” countries to reflect on potential systems of governance, and to exercise restraint in their pursuit of very powerful AI. A spokesperson for von der Leyen did not immediately respond to a request for comment.

Last week China’s cyberspace regulator unveiled draft measures for managing generative AI services, saying it wants firms to submit security assessments to authorities before they launch their offerings to the public.

The Biden administration has also been seeking public comments on potential accountability measures for AI systems as questions loom about their impact on national security and education.

The European Commission proposed the draft rules for an AI Act nearly two years ago under which AI tools are expected to be classified according to their perceived level of risk, from low to unacceptable. A parliamentary committee is debating the 108-page bill and hoping to reach a common position by April 26, according to two sources familiar with the matter.

R 18-4-2023

SAUDI ARABIA, UAE DEFYING SANCTIONS TO BUY CHEAP RUSSIAN OIL PRODUCTS

WASHINGTON: Saudi Arabia and the United Arab Emirates (UAE) are buying petroleum products from Russia at steep discounts, ignoring US objections, the *Wall Street Journal* (*WSJ*) reported on Monday. Last year, the United States and its Western partners imposed strict sanctions on Russia for invading Ukraine, cutting off Moscow from its traditional trading partners. This has forced Russia to sell its products at much cheaper rates.

“The Gulf countries, especially the UAE, have also become key storage and trading hubs for Russian energy products that can’t be as easily shipped around the globe because of the war.”

The price cut has benefitted some energy-starved nations, such as India, but the Russians have also found “eager trade partners in an unlikely place: The oil-rich states of the Persian Gulf,” *WSJ* reported. “Despite US objections, the Gulf countries are using the discounted Russian products internally, including for consumption and refining purposes, and exporting their own barrels at market rates, boosting their profits,” the report added.

The report described the development as a “counterintuitive shift,” allowing countries with the world’s largest oil reserves to buy cheap Russian oil and sell it at higher prices. This was “an illustration of the unexpected consequences of Western sanctions and another example of the US’s waning influence over the Middle East,” the newspaper noted. But the newspaper noted that so far there were no signs that the Gulf countries were “turning off the spigot of Russian oil. The report pointed out that Saudi Arabia was pursuing a nationalist energy policy that tool precedence over US concerns.

According to the report, Russian oil exports to the UAE more than tripled to a record 60 million barrels last year. But exports to Singapore, Russia’s traditional trading partner, only rose 13 per cent to 26 million barrels in 2022. Russian gas oil now accounts for more than one in 10 barrels of the product stored in Fujairah, the UAE’s main oil-storage hub, second only to Saudi Arabian gas oil.

Russia is shipping 100,000 barrels a day to Saudi Arabia or more than 36 million barrels annually, compared with virtually none before the Ukraine war.

WSJ reported that the Saudi and Emirati trade in Russian oil and fuel products has irked US officials, who see it as undermining Western efforts to force Russia to leave Ukraine. US Undersecretary for Treasury Brian Nelson toured the Middle East in February to try to persuade countries such as Saudi Arabia, the UAE, and Turkey to enforce the Western sanctions against Russia.

An Emirati official, however, told *WSJ* the country abides by United Nations sanctions and has “robust processes in place to deal with sanctioned entities.” But the UAE “will continue to trade openly and honestly with its international partners,” the official added.

The report also noted that earlier this year, Saudi and its allies announced an oil production cut aimed at boosting prices, ignoring US objections that higher prices aid the Russian war machine. *WSJ* also pointed out that Dubai and other emirates have become an international hub of choice for many Russian companies and wealthy individuals seeking to run their businesses and avoid Western sanctions. Because of price caps and other sanctions, Russia’s flagship Urals crude has typically traded at a discount of over 30pc to benchmark Brent in recent months.

On March 12, Saudi national oil company Saudi Arabian Oil Co, or Aramco, reported record annual profit of $161 billion for 2022, the largest ever by an energy firm. That included a 27pc boost to profits for the state-run giant's refining unit. Elshan Aliyev, head of the Mideast Gulf product department at Argus told *WSJ* that Gulf countries already had abundant refined products such as naphtha, fuel oil and diesel. "So, the only reason for importing from Russia is to capitalise on the price difference," he said. Russian naphtha and diesel respectively sell $60 and $25 a ton below their equivalent produced in the Persian Gulf. The report noted that in 2022, Saudi Arabia ramped up its diesel exports to France and Italy, two countries that previously relied largely on Russia for their motor fuel.

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G7 COALITION TO KEEP RUSSIAN OIL PRICE CAP AT $60 PER BARREL

WASHINGTON: The Group of Seven (G7) coalition will keep a $60 per barrel price cap on seaborne Russian oil, a coalition official said, despite rising global crude prices and calls by some countries for a lower price cap to restrict Moscow's revenues.

The G7 and Australia made the decision to maintain the cap over the past few weeks after a review of the $60 price - set in December with an aim to reduce Moscow's ability to finance its war in Ukraine, the official said on condition of anonymity. It comes after four weeks of gains in benchmark oil prices helped by an output cut announced by OPEC+, which groups the Organization of the Petroleum Exporting Countries and allies led by Russia, as well as a recovery in Chinese consumption.

The market was consolidating on Monday with Brent and US crude futures holding above $80 per barrel. Russian crude has been selling at a discount of around $30 to Brent, the official said. Coalition officials concluded the price cap was working to both limit Russian revenue while maintaining energy market stability, but said they would continue coordinating to ensure effective monitoring and enforcement, the official added.

COMBAT EVASION

The coalition will also intensify efforts to combat evasion of the price cap and sanctions imposed on Russia, including the use of deceptive practices to access insurance and other coalition services for oil traded above the cap.

Coalition members plan to provide guidance to help service providers identify red flags for evasion, such as manipulation of ships' location tracking or failure to itemize shipping, freight, customs, and insurance costs separately from the oil itself, the official said.

The oil price cap bans G7 and European Union companies from providing transportation, insurance and financing services for Russian oil and oil products if they are sold above the cap.

The US and Britain have also imposed restrictions on Russian oil imports. The official noted that a recent International Energy Administration (IEA) report concluded that the G7 sanctions regime had been effective "in not restricting global crude and product supplies, while simultaneously curtailing Russia's ability to generate export revenue." The IEA said on Friday that Russian's March oil revenue rose by $1 billion month on month to $12.7 billion, but was still 43% lower than a year earlier.

Russian crude exports have been consistent at over 3 million barrels per day and global markets have been steady, the G7 official said.

BANGLADESH TO PAY RUSSIA IN YUAN FOR NUCLEAR PLANT

DHAKA: Bangladesh and Russia have agreed to use yuan to settle payment for a nuclear plant Moscow is building in the South Asian country, a Bangladesh government official said on Monday.

Bangladesh is constructing the first of two nuclear power plants in collaboration with Russia's state-owned atomic company Rosatom in a $12.65 billion project, 90% of which is financed through a Russian loan repayable within 28 years, with a 10-year grace period. "Russia wanted us to make payment in rouble but that's not possible for us. So we have agreed to pay in Chinese yuan," Uttam Kumar Karmaker, a senior official in the Bangladesh Economic Relations Division, told *Reuters*. The project will help curb frequent power cuts which analysts expect to worsen this year as Bangladesh's ability to import fuels has taken a hit following a rapid decline in the value of its currency and foreign exchange reserves.

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