

Business

Oil trader sues a Lebanese bank BankMed in US court

Crisis-hit Lebanon faces petrol station strike

BEIRUT: An international oil trader is suing a Lebanese bank in the United States over failing to release \$1 billion in deposits, court documents showed, charges the banking institution denied yesterday. IMMS has filed a suit against BankMed in the Supreme Court of the State of New York over the “brazen theft of more than \$1 billion”, according to court documents dated November 22 and seen by AFP. The lawsuit comes as Lebanon grapples with widespread anti-government protests since October 17, a free-falling economy, and an escalating liquidity crisis.

The oil trader, which is incorporated in Belize, said it asked to withdraw its money on November 8, and received no response for several days, according to the court documents. It said the bank on November 12 informed it was terminating overdraft and letter of credit facilities due to “the prevailing circumstances and to the material adverse change in the economic condition of Lebanon and the Lebanese financial markets”.

BankMed yesterday strongly denied the allegations. “The \$1 billion deposit is a blocked deposit by instructions of IMMS maturing in about 2 years from now,” it said. “Between October 30 and November 12, 2019, BankMed discovered material breaches of contract and attempts by IMMS to direct funds due to BankMed overseas,” it said. “BankMed opposed such attempts by IMMS and took appropriate actions.” It said the banking contract was subject to Lebanese law and that it would submit its response to a court hearing in Beirut next month,

without giving a specific date. BankMed is chaired by Mohammed Hariri, a cousin of outgoing Prime Minister Saad Hariri’s late father Rafik. Nazek Hariri, the widow of the embattled premier’s father, sits on the bank’s board of directors—as does the current interior minister, Raya Al-Hassan. Since September, debt-saddled Lebanon has had a liquidity crisis, with banks rationing the withdrawal of dollars. The exchange rate in the parallel market has shot up from the pegged rate of 1,507 pounds to a dollar to more than 2,000.

Petrol station strike

Meanwhile, petrol stations in Lebanon began an open-ended strike yesterday nationwide, a union representative said amid the country’s worst economic crisis in decades. Protests since Oct 17 have pulled Lebanon deeper into economic crisis, worsening a hard currency crunch that has hit importers and raised fears of price hikes and shortages.

In a statement carried on state news agency NNA, the petrol stations union said it was striking because of losses incurred from being forced to purchase dollars on a parallel market, the primary source of hard currency in economic hard times. Petrol stations must collect payments from customers in Lebanese pounds but pay private fuel importers in dollars. The cost of dollars on the parallel market has surged since the start of protests, hovering currently at about 40% more than the official pegged rate, set at 1507.5



BEIRUT: People queue to use an automatic teller machine (ATM) at bank branch in the Lebanese capital Beirut. In a country grappling with a dual political and economic crisis, thousands of Lebanese say their jobs are threatened. — AFP

Lebanese pounds since 1997. There were queues at some petrol stations in Beirut late on Wednesday but the situation remained relatively calm. The central bank said last month that it would prioritize foreign currency reserves for fuel, medicine and wheat, but buyers tapping the

facility are still required to supply 15% of their own dollar needs. Lebanon’s energy ministry sets guidelines for gasoline price levels. The ministry said it would test a state tender for gasoline next month after fuel distributors threatened to raise prices. — Agencies

Farmers bring central Dublin to a halt with tractor protest

DUBLIN: Farmers shut down busy parts of central Dublin for a second successive day on Wednesday by parking dozens of tractors in the streets to protest against low beef prices and climate change initiatives they say are unfair. The farmers arrived on tractors from all over the country on Tuesday for a planned protest in a cordoned off area but instead parked their vehicles in the very centre of the city and refused to leave until the agriculture minister met them. Some slept in their vehicles overnight, many parked outside the luxury Shelbourne Hotel on the corner of St. Stephen’s Green, one of the main bus routes into the city.

Police warned commuters that a number of the city’s main thoroughfares, including Kildare Street, the seat of parliament, were closed to traffic. The city’s bus operator told passengers to expect delays on all routes.

“We’ll sit here for many more nights if we have to but this has got to stop and we have to start getting paid for our produce,” said Nicholas Hughes, a 53-year-old dairy farmer from Moylough in County Galway who stayed awake all night in his tractor.

“It’s the only thing we can do, we’re gone if we don’t do this. We can’t stay producing food below the cost of production and we can’t keep getting blamed for climate change. This is about the death of rural Ireland, it’s dying on its feet as we speak.” — Reuters

Grocery deliveries go high-tech in New York

NEW YORK: In New York, a city famous for always being on the go, grocery shopping can be time consuming. But grocery company FreshDirect promises to deliver within mere hours fruit, fish and bottles of water ordered online, and it relies on its high-tech Bronx warehouse to keep up with demand.

Orders ramping up ahead of Thanksgiving, when families across the United States gather round the table for a huge feast. Everything at the FreshDirect depot is as well-regulated as a Swiss clock, thanks to the computer system. On the ground, employees manage pallets, scan labels and sort products. But above their heads, huge orange and green plastic bins—the company’s signature colors—seem to have a life of their own.

They zip along on conveyor belts that spiral up to the ceiling, carrying the bins through countless levels of shelves. As soon as a customer starts placing a FreshDirect online order, the system recognizes them. “The system knows you, where you live, what amount of groceries you usually buy, what truck it will fit on, and based on that, what time can be offered,” explained Timothy Knoll, the chief operating officer. Orders are grouped by destination, and the boxes can then be sent out.

Nine miles

The conveyor belts run for almost nine miles, criss-crossing the 400,000 square foot depot. But their layout was designed to limit bins’ trips, which last between 25 to 30 minutes on average. For small products, robots will pick them out one by one from the massive shelving units and bring them to one of six packing stations. Once there, employees scan them, package them and put

them in boxes that are quickly sent on their way with the touch of a big red button. Bottles of water, the most popular item, are stored near the conveyor belts. For fruits and vegetables, employees can see which products have been requested on tablets and employees set aside any that are damaged.

In a refrigerated room, other workers cut the fish of the day, still soft in their boxes of ice. “About 90 percent of our fresh connections are... with the farmers and the people that actually grow and raise our food,” said Scott Crawford, the chief merchandising officer. This allows FreshDirect to eliminate middlemen and save time. “You can order a pound of codfish seven days from now, that fish is still swimming in the ocean for another four or five days before we actually have it in-house,” said Knoll.

In order to accurately predict supply and avoid waste, “we are confident with our vendors, and we’re comfortable with how we handle things in the building to control the inventory,” he added. Each item has a barcode denoting the type of product, where it came from and its expiration date. FreshDirect also relies on 20 years of data accumulated since its launch in 1999. The company knows how to anticipate consumer habits as accurately as traffic patterns, including by accounting for weather conditions.

The company is not as prevalent as it has been in New York, but it still dominates: FreshDirect makes 68 percent of the grocery delivery market in the Big Apple, well ahead of Instacart (13 percent), Peapod (nine percent) and Amazon Fresh (nine percent), according to the data analysis firm Earnest Research. Sales slumped slightly just after the Bronx depot opened in the summer of 2018. As the system worked out any kinks, customers complained of incomplete or late orders. FreshDirect has regained some ground since then.

The company, which has offered same-day delivery since March, said that online business “continues to grow, and we are operating better than ever before.” “An online grocer’s biggest enemy is not Amazon—it’s itself,” said Paula Rosenblum, a retail technology analyst for RSR Research. — AFP