

China, US to boost '06 oil demand: IEA

REUTERS, London

A rebound in Chinese demand and stronger US consumption will drive up world oil demand in 2006, the IEA said on Tuesday, increasing the strain on Opec spare capacity.

The International Energy Agency, adviser to 26 industrialized nations, forecast demand would grow at 2.2 percent in 2006, up from 1.3 percent growth in 2005.

At 1.8 million bpd, the IEA's figures on 2006 global demand growth were unchanged from its last monthly report.

On paper, new oil coming onstream this year from inside and outside the Organization of the Petroleum Exporting Countries should more than meet the predicted rise in demand.

But oil markets are rising on concern about lost production in Nigeria and a threat to Iranian output as well as doubts promised new oil will materialize.

For the past two years, Non-Opec supplies have lagged expectations and last year stagnated at 50 million bpd.

This year, the IEA is cautiously

predicting an acceleration in Non-Opec supply of 1.3 million bpd, while new OPEC oil should provide a further one million bpd.

UNCOMFORTABLE

But the IEA noted current Opec spare capacity of less than 1.5 million bpd was "below comfort levels."

"Also, while spare capacity is expected to build this year, there is some statistical uncertainty," it said, stating this took the form of unreported or unmeasured supply, demand and stocks.

It revised upwards the 2006 call on Opec crude to 28.6 million bpd, 200,000 bpd higher than last year, but that call could prove to be understated in the event of under-reported demand or over-reported supply.

Last year Opec pumped at virtually full throttle as it sought to calm markets that spiked to a record high of \$70.85 for US crude.

Total world supply for 2005 stood at 84.1 million bpd for 2005, outpacing demand that was trimmed by 90,000 bpd to 83.3 million bpd following weaker US consumption in the aftermath of hurricanes Katrina and Rita.

CEO's challenges in a changing market

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CONTINUED FROM JANUARY 17

LESSON 4 Do not allow routines to become chains.

For many of us the routines represent our own zones of comfort. There is a sense of predictability about them. They have structured our time and even our thought in a certain way. While routines are useful, do not let them enslave you. Deliberately break out of them from time to time.

LESSON 5 Realize that fear of the unknown is natural.

With change comes a feeling of insecurity. Many people believe that brave people are not afflicted by this malady. The truth is different. Every one feels the fear of unknown. Courage is not the absence of fear but the ability to manage fear without getting paralyzed. Feel the fear, but move on regardless.

LESSON 6 Get to the heart of how to make the change happen.

Many CEOs are not able to handle large-scale changes well and make mistakes with terrifying consequences. The central issue is never strategy, structure, culture or the systems. These are important but the core of the matter is changing people's behavior and behavior change happens in highly successful situations mostly by speaking to people's feelings. John Kotter, the well-known 'leadership' guru says, "People change what they do, less because they are given analysis that shifts their thinking and more when they are shown a truth that influences their feelings".

The steps required to pull together a large-scale successful change are:
Create a sense of urgency. This when developed by creative means, gets people off the couch, out of a bunker, and

ready to move.

Pull together a guiding team with the credibility, skills, connection, reputations and formal authority to provide change leadership.

The guiding team creates sensible, clear, simple, uplifting visions and sets of strategies. Communication of the vision and strategies comes next simple heartfelt messages sent through many unclogged channels.

Ensure a heavy dose of empowerment. Remove obstacles that stop people from acting on the vision.

Empowered people are helped to produce short-term wins. This provides credibility and momentum to the overall effort.

Change leaders don't let up. Momentum is built after the first wins and early changes are consolidated.

Change leaders make change stick by nurturing a new culture. A new culture group norms of behavior and shared values develops through consistency of successful action over a sufficient period of time.

LESSON 7 Create competitive advantage through Organizational Learning.

Peter Senge in his book "The Fifth Discipline" described learning organizations as places "where people continually expand their capacity to create the results they truly desire, where new and expansive patterns of thinking are nurtured, where collective aspiration is set free, and where people are continually learning how to learn together". Ikujiro Nonaka characterized knowledge creating companies as places where "inventing new knowledge is not a specialized activity.... It is a way of behaving, indeed a way of being, in which everyone is a knowledge worker." Ray Stata, who for many years was the CEO

of Analog Devices, a very successful semi conductor manufacturer says, "the rate at which individuals and organizations learn may well become the only sustainable competitive advantage".

A learning organization is an organization skilled at creating, acquiring, interpreting, retaining and transferring knowledge, and at modifying its behavior to reflect new knowledge and insights.

New ideas are essential if learning has to take place. Sometimes they are created de-novo, through flashes of insight or creativity; at other times they arrive from outside the organization. These ideas are the trigger for improvement.

There are changes in the way the work gets done i.e. the acquired knowledge is applied (otherwise only the potential for improvement exists)

Building Blocks of a learning organization:

Intelligence gathering
Systematic Problem Solving
Experiment with new approaches

Learning from own experiences and past history

Learning from the experiences and best practices of others

Transferring knowledge quickly and efficiently throughout the organization

Successful companies understand that knowledge management and information technologies are not synonymous. These companies knowledge management programs, far from being special, one-off projects, are long term efforts that involve all aspects of the business and dovetail with other strategic decisions. The techniques that distinguish successful companies from their less successful counterparts could be described as attempts to do things faster, cheaper, and better. In today's changing economy, the key to

faster, cheaper, and better is to bring the full force of a company's knowledge to bear on the effort. Knowledge-not land, labor, and capital-is now the lifeblood of a corporation.

LESSON 8 Surround yourself with people who are open to change.

If you are always in the company of cynics, you will soon find yourself becoming like them. A cynic knows all the reasons why something cannot be done. Instead, spend time with people who have a "can-do" approach. Choose your advisors and mentors correctly. Pessimism is contagious, but then so is enthusiasm. In fact, reasonable optimism can be an amazing force multiplier.

Now I leave some key messages for CEOs both present and budding:

First, Change is inevitable, pervasive, accelerating, and increasingly unpredictable. Change is the only thing that will never change. So better adapt to it. Change is universal... Be ever willing to Change... For, change alone leads you to success! If one desires a change, one must be that change before that change can take place. Those who embrace change will win decisively and disproportionately.

It is possible to survive and thrive in a changing world. For this you need to anticipate the changes, convert the changes from challenges to opportunities, learn how to make the change happen and create sustainable competitive advantage through organizational learning. A leader is an agent of change and progress is about change. As Robert Kennedy said "Progress is a nice word but change is its motivator".

CONCLUDED

The author is chairman and managing director of Unilever Bangladesh Limited.

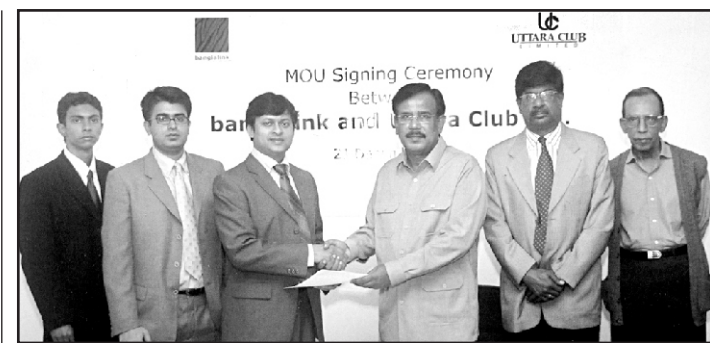


PHOTO: BANGLALINK

Md Nazrul Islam, president of Uttara Club Ltd, and Tanvir Ibrahim, manager and head of Corporate Sales of mobile phone operator Banglalink, exchange documents after signing a memorandum of understanding (MoU) recently. Under the MoU, Uttara Club members will enjoy certain exclusive benefits from Banglalink.

CURRENCY

Following is yesterday's (January 17, 2006) forex trading statement by Standard Chartered Bank

Sell	BC	Currency	TT Clean	Buy	OD Sight Doc	OD Transfer
68.4700	68.5000	USD	67.3500	67.3276	67.2827	67.2827
83.7799	83.8166	EUR	80.4967	80.4699	80.4162	80.4162
121.6233	121.6766	GBP	117.7143	117.6751	117.5966	117.5966
52.6603	52.6834	AUD	49.9468	49.9301	49.8968	49.8968
0.6036	0.6038	JPY	0.5821	0.5819	0.5815	0.5815
54.0752	54.0989	CHF	52.0922	52.0748	52.0401	52.0401
9.2405	9.2445	SEK	8.4095	8.4067	8.4011	8.4011
59.6636	59.6898	CAD	57.5100	57.4909	57.4525	57.4525
8.8505	8.8544	HKD	8.6665	8.6636	8.6578	8.6578
42.8715	42.8902	SGD	41.1675	41.1538	41.1263	41.1263
18.7939	18.8022	AED	18.1889	18.1829	18.1707	18.1707
18.4034	18.4115	SAR	17.8170	17.8110	17.7992	17.7992
11.5743	11.5794	DKK	10.5010	10.4975	10.4905	10.4905
231.0221	231.1255	KWD	229.3506	229.2765	229.1283	229.1283

Exchange rates of some currencies against US dollar

Indian rupee	Pak rupee	Lankan rupee	Thai baht	Nor kroner	NZ dollar	Malaysian ringgit
44.11	59.8725	102.175	39.700	6.6691	0.6945	3.75

Local Interbank FX Trading

Local interbank FX market was active on Tuesday. Demand for USD remained high in the market.

Local Money Market

Money market was active. Call money rate continued to ease and ranged between 12.00 and 15.00 percent

compared with 15.00-25.00 percent previously.

International Market

The dollar struggled to extend gains on Tuesday as traders worried the currency could revert to a sell-off triggered at the start of the year by expectations its interest rate advantage will soon narrow.

Sri Lanka imports rise sharply

AFP, Colombo

Sri Lanka's import bill surged in the first 11 months of last year due to high oil prices, the Central Bank here said Tuesday, which also left key interest rates unchanged.

The bank said in its monthly monetary policy review that although import expenditure was higher than export earnings, the country's foreign reserves increased to 3.9 billion dollars, up from 3.4 billion dollars a year earlier.

Higher earnings from exports of textiles, garments, rubber-based products, food and beverages helped the country earn 5.7 billion dollars in the first 11 months of 2005, the bank said.

However, the gain was erased by

a 12.7 percent rise in the island's import bill for the corresponding period. The bank said Sri Lanka had to fork out 8.1 billion dollars to pay for imports due to a hefty 45 percent rise in petroleum import prices.

Of Sri Lanka's oil imports, Iran contributes 70 percent, Malaysia 20 percent, and Saudi Arabia 10 percent.

The Central Bank opted not to tinker with its policy rates, saying it expected money supply growth to slow down after it last month unexpectedly raised key short-term rates.

The bank said it would leave its overnight repurchase rate at 8.75 percent and the reverse repurchase rate at 10.25 percent.

STOCK