

Asia scrambling to curb energy use as oil hits \$60

REUTERS, Seoul

Asian nations are scrambling to curb energy use as oil hits \$60, but a resilient US economy and subsidised prices at home mean these marginal measures will scarcely dent demand, analysts say.

Tieless Japanese bureaucrats, slower Thai drivers and overheated Chinese shoppers may help save a barrel or two of oil or a few megawatts of power, but they will not reverse the region's powerful energy growth, which last year accounted for nearly half of global incremental oil demand.

"Overall, it's doubtful whether they will have a significant effect in the absence of compulsory measures and a lack of voluntary moves," said Moon Young-seok, an economist at state-funded Korea Energy Economics Institute (KEEI).

The Asia Pacific region consumes nearly 30 percent of the world's oil but produces only 10 percent, making it more vulnerable than other areas to rising costs.

While prices add pressure to

wobbly economies in Japan and South Korea, they have not derailed US growth, which is vital for Asia's export-oriented economic health.

With that intact, governments are reluctant to incur public wrath with any draconian curbs, although this week's break above \$60 a barrel set alarm bells ringing around the region.

South Korea, whose \$50 billion energy bill makes up nearly a quarter of its total imports, this week debated ways to cut back as officials said the searing oil rally threatened to shave nearly 1 percentage point off economic growth.

Seoul sealed a pact with major local makers of electronic home appliances to improve energy efficiency of their products, but said it would reduce electricity use by just 0.25 percent.

Japan, which has a long-term policy to support nuclear power to reduce its reliance on oil, has encouraged public servants to go tie-less this summer to cut air-conditioner use.

Efforts to curb electricity help reduce the need for imported oils

and liquefied natural gas (LNG) in the north Asian nations, who use both fuels to generate power.

Energy prices have risen much more slowly than the cost of other goods over the past two decades - blunting public efforts to conserve energy, with consumers and companies showing little inclination to cut back usage.

Thailand, for instance, is mandating a 10 percent ethanol blend in motor fuels from 2007 to reduce oil demand, but in the short term has resorted to pleading with its populace.

"Oil prices will continue to rise and will be even higher when winter comes, therefore we have to seek more saving measures," Thai Energy Minister Viset Choonpiban, conspicuously jacket-less, told a seminar on Thursday.

Thailand has set a medium-term target to cut back its energy use by 20 percent by 2009, saving it \$5 billion, but has seen little benefit from its campaign this summer to get citizens to turn off air-conditioners during lunch breaks and asking drivers to go no faster than 90 kilometres an hour.

Lankan money changers asked to raise capital by 900pc

AFP, Colombo

Sri Lanka Friday announced a 900 percent increase in the minimum capital requirement of money changers, saying the move was aimed at injecting credibility into the business.

Money changers must be operated by companies with a minimum capital of 10 million rupees (100,000 dollars), up from one million rupees (10,000 dollars), the Central Bank said in a statement.

It said the existing officially-recognised dealers will have six months to meet the new capital requirement. Failure will result in the cancellation of licences.

The Bank said it will also strictly forbid money changers to sell foreign exchange. They will only be able to buy foreign currency and sell back to the Central Bank through the commercial banking network.

"A separate bank account titled 'money changing' should be opened with a commercial bank to surrender foreign currency purchased by them during the course of their business activities within a period of three working days," the Bank said.

Toyota posts record US auto sales in June

AFP, Chicago

Toyota Motors Sales USA posted record sales in June, rising 10 percent to 194,875 vehicles, the automaker said Friday.

"June's robust sales reflect a strong market driven by rising consumer confidence and good values in the showroom," Jim Press, president and chief operating officer, said in a statement. "Our fuel-efficient product strategy continues to pay dividends."

June's record sales helped push Toyota to its best-ever first-half sales in 48 years of business in the United States, with year-to-date sales of 1,114,070 vehicles.

The company's Toyota division broke sales records in both cars and trucks, with truck sales up 7.3 percent to 72,077 vehicles and car sales up 12.5 percent to 96,755 vehicles.

WB looks at new China lending

REUTERS, Washington

The World Bank is set to begin talks with China on a new five-year loan programme that will encourage the Asian powerhouse to focus on economic inequality and environmental problems, a top official said.

In a Reuters interview, the World bank's chief of mission to China, David Dollar, said the new programme should see lending to Beijing of between \$1 billion to \$1.5 billion a year.

"We have a big programme in China, so any change will be gradual but the issues and needs are changing and it makes sense that our assistance programme responds to that," said Dollar, who is based in Beijing.

Some development experts argue the bank's resources would be better spent in needier countries that do not have access to international capital markets as China does.

But Dollar said China's loans generate profit of about \$85 million

for the World Bank that is funneled into projects in impoverished regions like Africa.

Critics take issue with the bank's long involvement in Chinese infrastructure projects such as ports, power plants and highways, now built by the private sector.

The talks with Beijing, likely to get underway in the next few weeks, highlight a key challenge World Bank chief Paul Wolfowitz faces in his new job -- to keep the bank relevant to rising economic powers like China and India.

Wolfowitz has said the bank must make itself attractive enough to stay involved with such fast-growing countries that are still plagued by poverty.

"China is at a stage where the main contribution of the World Bank is not financial. China can borrow on international capital markets at a lower interest rate than the World Bank charges, so we don't provide any subsidy and we're not particularly attractive financially," said Dollar.

US industrial growth accelerates

AFP, Washington

The US factory sector accelerated in June, a survey by the Institute for Supply Management showed Friday, a report stronger than most analysts had been expecting.

The ISM manufacturing index rose to 53.8 from 51.4 percent in May, the organization said in its report, seen as a reliable gauge of US manufacturing.

Readings above 50 indicate expansion, so the report suggests a stronger pace of growth after six months of deceleration.

Private economists had on average expected a figure of 51.5 percent.

Survey chief Norbert Ore noted that the survey showed expansion in manufacturing for the 25th straight month, and represented an encouraging trend.

"The improved rate of growth in new orders is quite encouraging, particularly when combined with a slower rate at which prices are escalating," he said.

"These are the most positive signs that we have seen in several months, and they indicate that we may be through the 'soft patch' that many observers touted. High energy costs and the stronger dollar are still major concerns to purchasers."

Among the components of the main index, the ISM said production accelerated to a pace of 55.6 percent, while the employment index dipped to 49.9 percent, indicating a small contraction. The price index dipped to 50.5 percent, showing a smaller rate of increase.

Some said the ISM index contradicts other evidence that suggests economic slowing.

CURRENCY

Following is Saturday's (July 2, 2005) forex trading statement by Standard Chartered Bank						
Sell	BC	Currency	TT Clean	Buy		
TT/OD				OD Sight Doc	OD Transfer	
65.0200	65.0500	USD	63.8500	63.8287	63.7862	
78.7717	78.8081	EUR	75.3111	75.2860	75.2358	
115.9632	116.0167	GBP	111.8652	111.8279	111.7533	
49.7858	49.8088	AUD	46.8467	46.8311	46.7999	
0.5900	0.5903	JPY	0.5655	0.5854	0.5650	
50.6426	50.6659	CHF	48.7442	48.7279	48.6954	
8.2158	8.2196	SEK	7.6293	7.6268	7.6217	
52.9091	62.9336	CAD	50.8805	50.8636	50.8297	
8.3760	8.3798	HKD	8.2020	8.1993	8.1938	
38.8110	38.8289	SGD	37.4861	37.4736	37.4486	
17.8469	17.8552	AED	17.2437	17.2380	17.2265	
17.4771	17.4851	SAR	16.8911	16.8855	16.8742	
10.8537	10.8587	DKK	9.8434	9.8401	9.8335	
219.1605	219.2639	KWD	217.7052	217.6350	217.4945	

Exchange rates of some currencies against US dollar

Indian rupee	Pak rupee	Lankan rupee	Thai baht	Norokroner	NZ dollar	Malaysian ringgit
43.515	59.745	99.76	41.100	6.5688	0.7550	3.80

Local Interbank FX Trading

unchanged and ranged between 4.00 and 8.00 percent.

Local interbank FX market was sub-dued on Saturday. Demand for dollar remained high in the market.

International Market

International market was closed on Saturday due to weekend. Before closing on Friday, US dollar gained heavily across the board.

Local Money Market

Money market was active on Saturday. Call money rate remained almost

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ReadyCash Raffle Draw Winners

The latest ReadyCash Raffle draw was held at ReadyCash Bangladesh office at Dhanmondi in Dhaka yesterday, says a press release.		
Prizes	Name of Winners	Card No
Kamal General Store gift box	Dr Ujjal Kanti Dev	5047980010035057
Pailabi Computers Free Internet	Md Shahidur Rahman	5047980000057380
Browsing		
Pabna Cloth Store free Gift Box	Md Rafiqul Islam	5047980010035059
Monorom Free Gift Box	Md Saiful Islam	5047980010035193
Rainbow Chinese Free Launch/Dinner for two	Zakir Hussain	5047980010035074
Winners can collect their prizes from the Executive, Promotion of ReadyCash within 30 days of this news circulation by producing their ReadyCash card transaction vouchers. ReadyCash encourages its cardholders to read The Daily Star and the Daily Prothom Alo on every Sunday or call our Customer Service at: 8123850, 8130497, 8125294-7.		

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