

Star BUSINESS

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Lanka raises petrol prices by 5pc

AFP, Colombo

Sri Lanka said Friday it was raising petrol prices by five percent following sharp gains in world crude early last year which have since subsided.

Petrol at the pump will now cost 97.00 rupees (90 US cents) a litre, Ceylon Petroleum Corp. Chairman Asantha de Mel said.

The price revision also covers Indian fuel retailer Lanka IOC, which controls a third of the local fuel market, its Managing Director, K. Ramakrishnan said.

The price revision does not cover diesel and kerosene, which current sells at 60.00 rupees and 48.00 rupees a litre respectively.

A net oil importer, Sri Lanka's fuel bill climbed up to around to 2.2 billion dollars last year, from 1.6 billion in 2005.

India's Videsh to drill gas, oil in Sri Lanka

ANN/ THE ISLAND

India's state-owned Oil and Gas Corporation Videsh Ltd. has announced that it will explore for oil and gas in Sri Lanka's Mannar basin very soon.

The ONGC Videsh Ltd said the company's own experience in India's Kaveri basin would help them to explore oil and gas in the neighboring Sri Lanka.

It has been speculated by geologists that the same Kaveri oil deposit string also runs beneath Sri Lanka's Mannar bay.

In the 1960's Soviet explorers attempted to dig wells in the area unsuccessfully. The not so advanced technology then is believed to have prevented the Soviets from hitting the black gold in Sri Lanka, four decades ago.

India's overseas arm of exploration, ONGC Videsh Ltd. said it is now looking to buy assets in Sri Lanka for exploration of oil and gas.

R.S. Butola, Chairman and Managing Director of the ONGC Videsh Ltd. said his corporation has already procured seismic data that indicate potential oil deposits from the Norwegian company that had done seismic surveys around the Sri Lankan coast.

ONGC Videsh said that it had proposed to Sri Lanka that it would share its experience in the sector for developing data and other activities in the exploration and production of gas and oil.

Thai tourism hit by New Year's eve blasts

AFP, Bangkok

Up to 15 percent of the four million tourists expected to visit Thailand in the first three months of the year may cancel their trips after deadly bombings in Bangkok, a leading think-tank said Friday.

The blasts -- which killed three people and injured dozens, including nine foreign tourists -- are expected to cost the sector 20 billion baht (555 million dollars) in revenue, according to the Centre for Economic and Business Forecasting.

The centre had earlier forecast that 13.45 million people would visit Thailand this year, generating tourism income of 428 billion baht (11.8 billion dollars).

"The number of tourists, both Thais and foreigners, will drop from our previous projection. The impact on tourism from the bombs will be felt not only in Bangkok, but also across the country," said the center's director Thanavath Phonvichai.

"If no more attacks take place, tourism will be affected only in the first quarter," he told reporters.

Army-installed Prime Minister Surayud Chulanont warned Friday that Thais should brace for at least months of political unrest, saying the government might not be able to prevent more bombings.

Tourism is a key money spinner for Thailand, generating about six percent of gross domestic product (GDP).

Apart from tourism, Thanavath said consumption and investment would also suffer, with combined losses expected to total 30 billion baht.

The damage would result in a half-point decline in the first quarter GDP from original projection of 4.0 percent, he added.

The centre, however, maintained its GDP forecast for 2007 at a range of 4.0-5.0 percent, compared to 4.5-5.5 percent anticipated by the Bank of Thailand.

STOCKPILES OF GOODS FOR LONGER PERIOD

Ctg port seeks change in rules to cut container congestion

JASIM UDDIN KHAN

The Chittagong Port Authority (CPA) has requested the shipping ministry to bring a change in existing rules so that traders cannot keep their imported goods on port premises for a longer period.

The importers usually keep their imported goods on the port premises for 35-40 days, contributing to container congestion.

The CPA in a recent letter to the ministry also sought adjustment of tariffs for keeping containers on port premises.

In seaports of developed countries, importers usually take five-six days to clear containers from

the port premises, said Kamrul Hossain, director (Operation) of Chittagong Port.

The CPA also formed a 10-member committee recently to find ways to ease container congestion at the country's premier seaport. The committee also suggested measures so that traders clear their imported goods from the port within the shortest possible time.

The 8-km long port jetties have the standard capacity to accommodate 10,000 containers but the port now houses around 18,000 containers.

An importer has to pay \$4.5 a day for keeping one TEU (twenty

equivalent unit) container at the port after 28 days from offloading of goods. The traders can keep containers for four days free of cost. They have to pay \$1.5 a day after four days.

The CPA requested the shipping ministry to adjust the tariff for keeping containers on port premises. "The tariff was fixed in 1984 and it could not be raised due to various pressures," said the director of Chittagong Port.

CPA Chairman Mosleh Uddin Ahmed said importers should clear the imported goods from the port area as early as possible to ease the congestion.



PHOTO: DBBL

Md Yeasin Ali, managing director of Dutch-Bangla Bank Ltd (DBBL), inaugurates the bank's 39th branch on Roy Ishwar Chandra Shil Bahadur Street at Imamganj in Dhaka recently. Senior officials of the bank, among others, were present.

China hikes bank reserve ratio to cool economy

AFP, Beijing

China's central bank on Friday ordered major commercial banks to set aside more money in reserves in a renewed effort to slow its red hot economy, the first such cooling measure of 2007.

The People's Bank of China said in a statement that the required deposit reserve ratio for commercial lenders would on January 15 rise 0.5 percentage point to 9.5 percent.

It said that the action came as a result of sharp increases in China's trade surplus, while a rising tide of liquidity in the banking system was ramping up dangerously easy credit.

"Given the dynamic changes in current liquidity, the central bank decided to raise the reserve requirement again to consolidate the effects of macroeconomic controls."

"Since 2006, the People's Bank of China has used a combination of monetary tools to soak up liquidity in the banking system," the central bank said in a statement posted on its website.

"In the last few months the pace

of increase in loans has slowed, but the basis of the effectiveness of the macroeconomic control measures is definitely not firm enough."

"So due to the difference in the international balance of payments, the already excessive liquidity in the banking system has again increased, making for relatively greater pressure on loan expansion," it concluded.

China's mounting trade surplus along with a strong inflow of foreign direct investment both add unwanted liquidity to the banking system at a time when regulators are trying to slow the pace of lending and brake the economy.

"Due to the excessive liquidity and huge trade surplus, the central bank has to raise the reserve ratio every three to four months," said Gao Shanwen, an economist with Everbright Securities based in Shanghai.

"It has become routine practice."

The required deposit ratio was raised a similar 0.5 percentage point three times last year -- just some in a slew of industry-specific macroeconomic tuning measures that included two interest rates

hikes.

China's economy, the world's fourth-largest, expanded 10.7 percent in the first three quarters from the same period last year, and economists widely predict that full-year growth will fall around the 10.5 percent mark.

But slowing this kind of pace is hard to achieve when mainland banks are swimming in cash due to foreign direct investment flows, while China's factories export everything from plastics to electronics.

Economists expect China's full year surplus to reach at least 180 billion dollars, compared to 101.9 billion dollars last year. The gap is a source of major trade friction with the United States.

In December Wu Xiaoling, vice governor of the central bank warned that new lending by China's banks in 2006 was expected to hit around three trillion yuan (384 billion dollars), sharply exceeding the national target of 2.5 trillion.

Money supply, another key indicator of financial health, has also steadily remained at rates higher than the annual national target set by the central bank.

Vietnam okays joint offshore oil exploration with China

AFP, Hanoi

Vietnam's prime minister has given the go-ahead for joint oil exploration between Chinese and Vietnamese state oil companies in the Gulf of Tonkin, state media reported Friday.

The China National Offshore Oil Corporation and the Vietnam Petroleum Corporation (PetroVietnam) agreed on the project in mid-November, said the Vietnam News Agency without providing further details.

Prime Minister Nguyen Tan Dung told PetroVietnam to work with government ministries to ensure the project is in line with Vietnam's laws and delivers economic benefits to the country, said the brief report.

PetroVietnam officials declined to comment.

Known and suspected energy reserves in the South China Sea have long fueled historic disputes that have centred on the Spratly and Paracel islands, between China, Vietnam, Taiwan, the Philippines, Malaysia and Brunei.

Beijing and Hanoi have also yet to agree on a common sea border in the Gulf of Tonkin, which China calls the Beibu Gulf, located between northern Vietnam and southern China in the northern part of the South China Sea.

India's Videocon makes new offer to buy Daewoo

AFP, New Delhi

India's biggest electronics firm Videocon Industries Ltd has made a fresh offer to buy South Korean giant Daewoo Electronics after differences arose over pricing, a news report said Friday.

A memorandum of understanding was signed in October to sell Daewoo Electronics for 730 million dollars to a consortium made up of Videocon and Ripplewood Holdings, a US private equity fund.

But Daewoo's creditors refused this month to agree to Videocon's later demand for a 13 percent cut in the 730 million dollar original price.

Videocon is now willing to settle for the "best possible business terms", The Economic Times financial daily quoted unnamed sources as saying.

The report said the Indian company was willing to agree to "less than a 10 percent cut" in the price of the Korean firm.

A Videocon official declined comment.

The consortium has started fresh talks with the new offer, the Press Trust of India reported.

If the transaction goes ahead, it would mark Videocon's third big acquisition in under two years.

Videocon makes televisions, picture tubes and home appliances while Daewoo Electronics produces a range of goods including TVs, air-conditioners and washing machines.

ROK to stop discrimination against aged job-seekers

AFP, Seoul

South Korea--faced with a rapidly ageing population--plans a law that will ban companies from discriminating against elderly job-seekers, the labour minister said Friday.

Minister Lee Sang-Soo also said the Labour Ministry plans to change its name to the Ministry of Employment and Labor as part of efforts to shift its focus to helping workers find jobs.

"In order to help cope with the ageing society, we are pushing for the legislation of a ban on discrimination on grounds of age," the minister said in an interview with Yonhap news agency.

A new law to that effect is expected to be in place in the first half of this year, he said.

He also said the government will try to persuade firms and labour unions to shift away from considering seniority in setting wages, and take performance into account.

Lee said companies are reluctant to hire elderly workers because of the seniority-based wage system.

"The government will also pursue a policy of encouraging firms to extend retirement ages," he said.

The ageing of South Korea's population accelerated in 2005 as the number of old people surged amid a low birth rate, official data showed.

Sonamasjid land port paralysed for 10 days

RU CORRESPONDENT

Activities at Sonamasjid land port have remained halted for 10 days following a row between traders and port management.

More than 1,500 trucks carrying goods have also been stranded on both the sides of Indo-Bangla border at Sonamasjid.

Port sources said the government has already incurred over Tk five crore revenue loss because of the impasse that began on December 27.

The deadlock at the second largest land port in the country started when traders stopped activities, alleging Panama Port Link Limited, a private company that operates the port, is collecting higher service charges.

However, several rounds of meetings between the traders and Panama Port Link officials have failed to break the deadlock. Perishable goods, mostly fruits, on the trucks are getting rotten.

C&F Agent Association leader Ruhul Amin said Panama Link is collecting the service charges that are much higher than those at Benapol land port, the largest land port in the country.

Panama Port Link Director Ashrafur Alam Rashid said, "We are collecting the charges as fixed by the government."

If the traders have any complaints regarding the amount of service charges, they can contact the finance ministry, he added.

Panama Port Link started its operations on November 23 last year.

US auto industry braces tough '07

AFP, Detroit, Michigan

The US auto industry heads into its annual party facing intensifying pressure from Asian rivals and an economic slowdown that threatens to worsen its financial woes.

General Motors Corp., Ford Motor Co. and the Chrysler Group of DaimlerChrysler AG are braced for a difficult year despite promising exciting new products at the Detroit auto show, which opens to the press Sunday.

Sales data out Wednesday showed that Japan's Toyota sold a record 2.54 million vehicles in the United States in 2006, making it more popular than Chrysler and not far behind Ford.

Toyota's total US market share came to 15.4 percent for the year, supplanting DaimlerChrysler, with 12.9 percent. Ford had 16.4 percent and GM 24.3 percent, according to Autodata Corp.

GM and Ford are shedding thousands of jobs and closing plants in a bid to rescue their troubled North American operations, which have been losing cash and market share for years.



PHOTO: THE CITY BANK

The City Bank Ltd recently opened its 78th branch at Beani Bazar in Sylhet. Senior officials of the bank, among others, were present at the inauguration.



PHOTO: ISLAMI BANK BANGLADESH

Mohammad Abdul Mannan, deputy executive president and head of International Banking Wing of Islami Bank Bangladesh Ltd, and Joseph Job, manager of Al-Mona Exchange Company, UAE, exchange documents after signing a remittance agreement in Dhaka recently. Under the deal, Bangladeshi expatriates will be able to send their money home through the branches of the bank.