

International Business News

Opec prepares to meet amid record oil prices

AFP, London

Opec, whose member countries together pump 40 percent of the world's oil, was expected to maintain its official output ceiling on Wednesday as crude prices trade at record highs above 100 dollars.

Opec President Chakib Khelil said the 13-member Organisation of Petroleum Exporting Countries would decide to either cut or hold its current daily output level of 29.67 million oil barrels when it meets in Vienna.

"Either we hold (output) steady or we cut in order to restore market balance and stability," Khelil, who is also Algeria's energy minister, said in a statement ahead of Wednesday's meeting.

Opec members Iran and Venezuela are calling on the cartel to cut production when it meets in the Austrian capital, arguing that prices were likely to slide when demand for crude drops during the second quarter.

The March-June period coincides with warmer temperatures in the energy-hungry northern hemisphere, thus reducing demand for heating fuel.

But should crude futures remain close to historic highs by the time of Wednesday's meeting, the organisation would be unlikely to endorse a cut in production.

"I think we won't do anything if prices stay at this level," Libya's acting Oil Minister Chukri Ghanem told AFP on Friday.

At an extraordinary Opec meeting on February 1 in Vienna -- called amid fears of a global economic slowdown -- the cartel agreed to hold its output quota, insisting the market was adequately supplied.

In sitting tight, the organisation ignored pleas from US President George W. Bush to increase production to help cool soaring prices which weigh on economic growth and push up inflation.

Oil prices had struck a record-high 100 dollars at the start of January. On Friday the price of New York crude hit a fresh peak of 103.05 dollars per barrel.



A Pakistani petrol station employee changes a display of petrol prices on a board in Karachi on March 1, 2008. The Pakistani Oil and Gas Regulatory Authority (OGRA) has announced new maximum ex-depot sale prices for petroleum products, effective March 1. Oil, gold and tin prices soared to historic highs this week on buoyant demand for commodities on the back of a sliding dollar.

Doha trade deal still 'doable': WTO chief

AFP, Pretoria

The Doha round of world trade talks could still be concluded by year's end, the head of the World Trade Organisation said Saturday, despite a European warning of a "high risk of failure."

"We are nearing the end game. Whether it's a success of failure I can't say, but it's doable," WTO Director General Pascal Lamy said after meeting South African President Thabo Mbeki.

The talks, launched in the Qatari capital in 2001 and aimed at liberalising world trade, were due to be completed by 2004, but have floundered on disagreements between developed and emerging economies.

The WTO is now hoping that a deal might be signed by its 151 members by the end of 2008.

"There is much more on the table than last year," Lamy said in Pretoria.

The EU Trade Commissioner, Peter Mandelson, said on Friday that he feared Doha was now "facing a high risk of failure, the first failure ever for a multilateral trade round."

Saudi to become solar power centre

AFP, Paris

Saudi Arabia, the world's biggest oil exporter, plans to become an expert in another, cleaner field of energy by investing in solar power, the country's oil minister said in an interview released Sunday.

"For a country like Saudi Arabia ... one of the most important sources of energy to look at and to develop is solar energy," Ali al-Nuaimi told French oil newsletter Petrostrategies.

He added: "One of the research efforts that we are going to undertake is to see how we make Saudi Arabia a centre for solar energy research and hopefully over the next 30 to 50 years we will be a major megawatt exporter."

"In the same way we are an oil exporter, we can also be an exporter of power."

Saudi Arabia produces more than 10 million barrels of crude oil a day.

Nuaimi said that Saudi Arabia was also set to invest in carbon capture and storage programmes to develop technology allowing carbon dioxide to be extracted from the atmosphere and stored underground.

"There are a lot of countries that are willing to cooperate with us," he said.

At a summit in Riyadh last November, Gulf Opec members pledged 750 million dollars (500 million euros) to a new fund to tackle global warming through financing research for clean technologies, with the emphasis on carbon capture and storage.

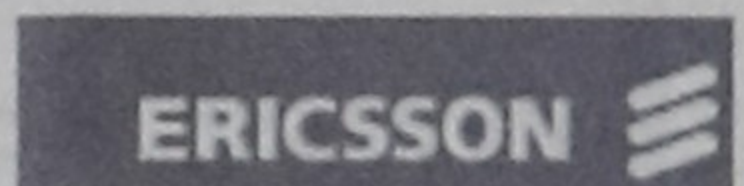
TELECOM

Technology comes and stays in Bangladesh

MD HASAN

Whatever new technology comes along, it doesn't seem to matter. It all looks so simple when Rafique installs one after another mobile base stations on high-rise buildings throughout Dhaka.

A few years ago he was a cub engineer, completing his studies with a sound academic background, but no practical



experience. Now after six years with the Swedish telecom equipment maker Ericsson he has the knowledge and confidence of a man whose skills are in global demand.

Rafique is an example of another side of the debate over the role of multinational companies in developing countries. For while the multinationals are criticized for dominating local markets and making large profits they are involved in another process, that of technology transfer.

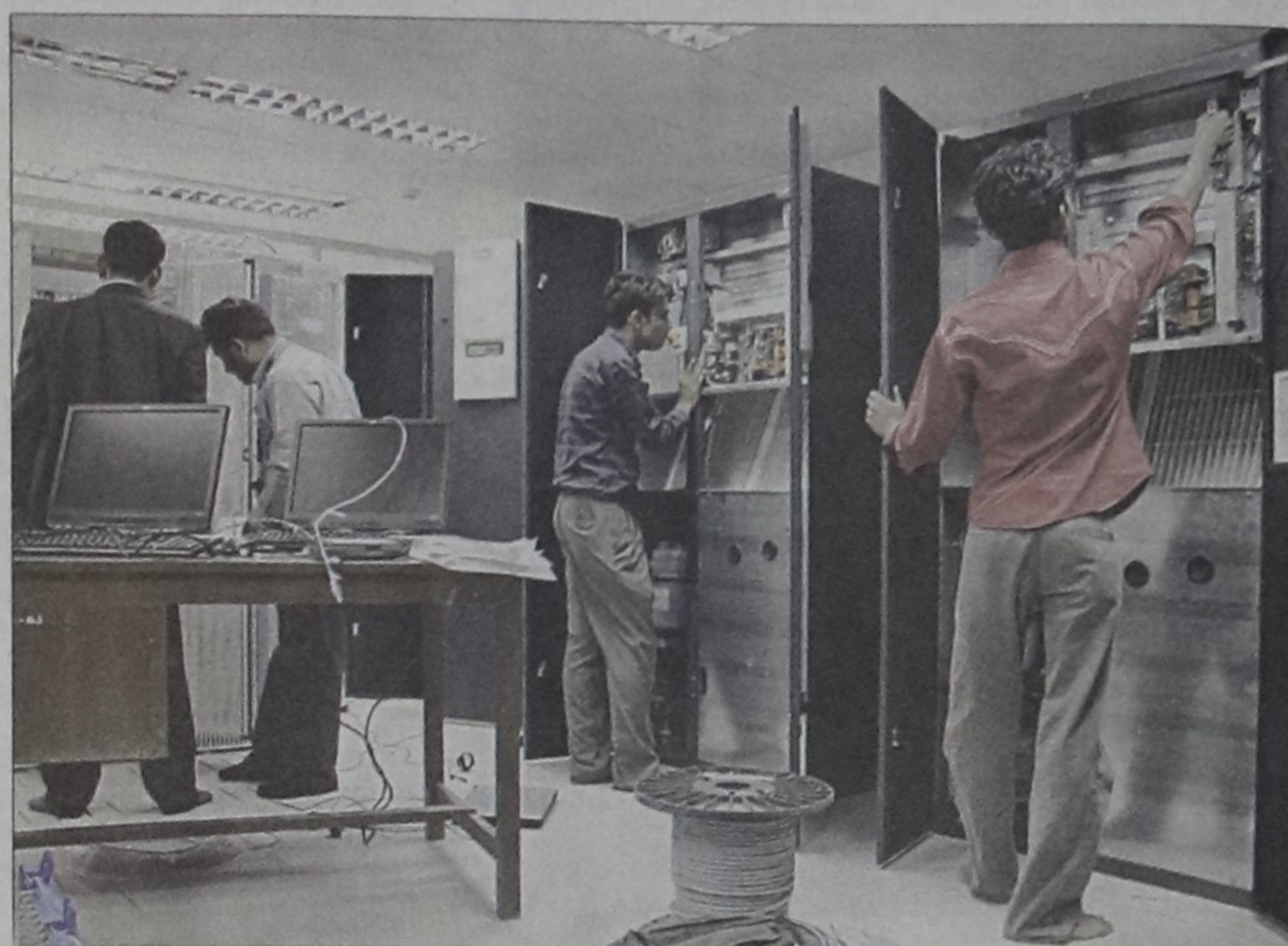
Money can be repatriated, but when a technology comes to a country, there is no mechanism to restrict it from the local people, because every multinational company needs local manpower to run the company.

Ericsson, the world's largest supplier of mobile telecom infrastructure is no exception. It started its journey in Bangladesh ten years back dominated by foreign experts. Now, the company is dependent on local engineers, and of its 750 employees, most of them are local.

"When we started our company in Bangladesh, more than 50 percent of the staff were foreign experts and now we have less than five percent foreign experts and the remaining 95 percent are local employees," said Arun Bansal,



(Left) Arun Bansal, managing director of LM Ericsson Bangladesh Ltd, the local operation of Swedish telecoms equipment maker Ericsson. (Right) Local technicians of the company are setting up the 7th international trunk exchange at a BTTB office in Banani, Dhaka yesterday.



managing director of LM Ericsson Bangladesh Limited, himself an Indian.

It may be hard to believe that a multinational company such as Ericsson depends on local engineers. But Bansal believes it's a global trend.

"If the people are trained are up well and adopt technology, it does not matter who they are," he said.

Over the past 10 years Ericsson has spent around Tk200 crore (US\$29 million approximately) in total on training, travel and accommodation for Bangladeshis both in the country and abroad, Bansal said.

To meet global standards, Ericsson hires foreign experts to train local people. At the same time it sends local employees abroad to different Ericsson training centers. For example recently the company

- Ericsson is the world's largest manufacturer of mobile telecom infrastructure. It is also a joint owner of SonyEricsson the mobile handset maker.
- Founded in 1876 and headquartered in Sweden, it now operates in 175 countries.
- It had net sales around US\$27.9 billion in 2007, Tk1914 billion.
- In Bangladesh Ericsson has around 80 percent of the market for mobile infrastructure.
- Ericsson Bangladesh employs around 750 people, 95 percent of them local.

hired 50 local people and sent them to Indonesia to work for almost a month in order to learn the technical side of the job.

More experienced staff also spend periods abroad to broaden their experience, returning to take up more

senior roles. For example Ericsson Bangladesh's head of technology is now a Bangladeshi with international experience.

The technology transfer widens if you include Ericsson's relations with its customers, the country's

mobile operators. Here it also arranges technology seminars and training.

"Ericsson transfers the knowledge to the local employees so that eventually the company will have local management to run it," Bansal said.

"They do a fantastic job. Their educational level is very good, and the most promising thing is that locals want to succeed."

In the long-term Ericsson Bangladesh should be run by local people. "This company needs to be run by local people because nobody else can understand local challenges better."

Are local engineers as good as those trained abroad? Bansal's answer is simple "If the local engineers were not good, we would not be able to send them to other countries."

And indeed that is what is happening. Bangladeshi telecom engineers are now working in Iran, the US, Indonesia and South Africa.

For Ericsson there are some business risks in funding expensive training programmes, as highly skilled and experienced staff are attractive to competitors and are poached.

"Of course there will be a certain amount of people who go to different companies," Bansal said, adding that Ericsson prided itself on being an open company. "Obviously it is a short term loss as we spent lots of money to train them up. And so we have to train up the new persons."

However, he said if the company provides the best working environment, employees will stay. Hasan@thedailystar.net

SHIPBUILDING

China fast becoming the world's shipyard

AFP, Dalian, China

In a drydock at a shipyard in northeast China's Dalian city, a 300,000-tonne oil tanker is ready for delivery to Maersk, its hull painted in the Danish shipping company's trademark blue.

Nearby, an offshore drilling platform has been constructed according to precise specifications from US company Noble.

Both are examples of China's growing success as a shipbuilding nation and its progress towards the goal of becoming number one in the industry by 2015.

"Last year, the order books at Chinese shipyards surpassed those of Japan, to be second only to South Korea," said Li Cheng, assistant general manager of Dalian Shipbuilding Industry Co.

The company runs the eighth largest shipyard in the world, and last year delivered 32 vessels totalling three million deadweight tonnes.

In terms of new orders, China was actually number one last year, totalling 98.5 million deadweight tonnes, or 42 percent of the global total, according to the Beijing government.

"Chinese shipyards have had their business boosted by the very fast growth of the local economy, which has fuelled demand for container ships and other vessels," said Li. "If it continues like this, we'll overtake South Korea."



Visitors stand near an under-construction 300,000-tonne oil tanker at a shipyard in northeast China's city of Dalian on February 15, 2008. In a drydock at a shipyard in northeast China's Dalian, a 300,000-tonne oil tanker is ready for delivery to Maersk, its hull painted the Danish shipping company's trademark blue as China's growing success as a shipbuilding nation and its progress towards the goal of becoming number one in the industry by 2015.

Chances are it will indeed continue like this. Dalian shipyard, located in the Gulf of Bohai, has its order books filled right until 2011.

The expansion of the Chinese economy -- leading to strong growth in both exports and imports -- is not the only

factor behind this success. Equally important is the global boom in shipping. Eighty percent of the output of China's shipyards is exported.

The result is that China's share of the global market has expanded from 18 percent in 2006 to 23 percent last year,

while South Korea and Japan account for roughly 35 percent each, according to research institute Clarkson.

"It's not impossible that it will eventually take up the leadership position (ahead of South Korea)," said Caroline Huot, general manager of Total

Lubmarine for the Asia Pacific. "It's got the will, no doubt. There's a real can-do attitude in China."

She added the government offers strong support for the shipbuilding industry, investing large amounts of money in new shipyards.

The industry is dominated by two huge state-owned enterprises: China State Shipbuilding Corporation and China Shipbuilding Industry Corporation, the parent of the Dalian company.

But in recent years, it has also seen a large number of new entrants, in the form of smaller shipyards run by local governments or private groups, or set up as joint ventures.

There are now 3,000 of these smaller shipyards, up from just 350 a decade ago.

At the same time, Chinese shipyards have succeeded in building up a good reputation.

"The Chinese companies are very concerned about safety and the environment. They are large and extremely professional enterprises, and they're just as good as their counterparts in the United States or Norway," said Huot.

The Dalian shipyard has clients across the globe, from Gear Bulk, 60 percent Norwegian-owned, to Sweden's Stena AB and customers in Greece and Iran.

To keep up its competitive advantage, the Dalian shipyard now spends heavily on research and development and the continued improvement of the infrastructure.

"We're still cheap compared with South Korea and Japan, but we have to think about the future and take steps to improve our competitiveness," said Li.