

Regional trade pacts threaten global trade talks: WTO

AFP, Santiago

A top World Trade Organisation (WTO) official warned Friday that a growing web of regional trading agreements threatens to wreck global trade negotiations.

"There are more voices saying we are not interested in multilateral arrangements and this can be extremely unhealthy and it is time we did something on this," said Stuart Harbinson, director in the office of WTO chief Supachai Panitchpakdi.

There were now 150 regional trading agreements in force, he told business leaders at a conference being held parallel to a weekend Asia-Pacific political summit in the Chilean capital Santiago.

Another 70 were in the works and by the end of 2007, the total could snowball to 300, he said.

The spread of such deals could distract attention from and dampen the force behind the main WTO trade talks, launched in Doha, Qatar in 2001, to open up farm, industrial and services sectors, Harbinson said.

"This expanding web of regional trading arrangements raises the question of workability of parallel multilateral approaches," Harbinson said.

Unlike WTO trade rules, which are standard across the world, bilateral and other regional free trade agreements vary widely and are largely discriminatory against other partners.

They also tended to jack up production costs because businesses have to comply with a variety of trading rules.

Prominent US economist Fred Bergsten warned that regional trading arrangements threatened to produce trading blocs centering around Europe, the Americas and Asia and eventually create a "dangerous" tripartite trading system and "draw a line in the middle of the Pacific."

The United States, for example, stands to lose exports totalling some 25 billion dollars a year if an East Asian free trade plan becomes a reality, he warned.

Singapore Prime Minister Lee Hsien Loong stressed the need for maintaining the cross-Pacific linkage between Asia and America.

"If this vital artery is ruptured, world trade will be crippled, and the WTO will be dealt a fatal blow," he warned.

Leaders of the Apec forum who meet in Santiago at the weekend are expected to discuss a business leaders' proposal for the creation of a Free Trade Area of the Asia-Pacific, or FTAA-P, embracing the giant trading groups of the Americas and East Asia.

"It would halt the march towards a bipolar region and a tripartite world and resume the process of integration of the Asia-Pacific," Bergsten said.

Apec appeared split over the free trade plan.

Chile, the United States, Canada, Australia, New Zealand, Taiwan and Singapore back it while others such as China, Japan, Malaysia and Indonesia were cautious or opposed.

But Hernan Somerville, chairman of the Apec Business Advisory Council, said the leaders should consider the council's request for a study on the prospect of such a free trade area, which could control nearly half the world's trade.

"We have not asked the leaders to launch a negotiation on the Asia-Pacific free trade agreement. What we have basically asked in three letters to the leaders is just a feasibility study be conducted," he said.

Somerville said by launching the study, Apec leaders could use it as a "tool" to quicken the pace of WTO negotiations and "put pressure on the Europeans," who have come under fire for lagging behind largely in agricultural reforms.

"My view is that, ultimately, only a multilateral trade round can provide the broad tradeoffs which can ensure deals on difficult systemic issues like agriculture subsidies and anti dumping possible, and which can provide a level playing field for all," WTO's Harbinson said.

India's inflation at 7.76pc in week ending Nov 6

REUTERS, New Delhi

India's wholesale price index rose 7.76 percent in the year through Nov 6, accelerating sharply from a week before on higher energy prices, but the rise is seen as unlikely to prompt another increase in interest rates.

In early November, the government announced a rise in the price of petrol, diesel and cooking gas the first increases in three months -- to align domestic rates with global prices.

The government also revised the inflation rate for the week ended Sept. 11 to 8.15 percent from 7.87 percent previously.

Wholesale price inflation shot up from 4.32 percent in April to 8.74 percent in August, the highest since February 2001, leading the central bank last month to raise its overnight repo rate for the first time in more than four years.

Analysts said the central bank was unlikely to raise rates again anytime soon because inflation would ease as domestic oil prices fall in line with the decline in global crude prices.

"The rise in the inflation rate was driven purely by one factor -- the increase in domestic fuel prices on Nov 4. Two weeks later, the government had cut petrol prices, and that will have a softening impact on the rate," said SP Prabhu, analyst with IDBI Capital Market Services.

Indian federal bonds gained in Friday trade despite the greater-than-expected rise in inflation, with traders expecting inflationary pressures to ease in the near term due to a favourable base effect as well as the lower petrol prices.

The actively traded 7.38 percent 2015 bond was dealt at 7.1358 percent, down from 7.1481 percent before the data was released, but above the previous close of 7.1027 percent.

The government is keen for a stable rate regime and wants to try to protect economic growth, which has been threatened by the high price of oil and an uncertain outlook for India's crucial farming sector after a weak monsoon.

Won continues to rise despite Lee warning

ANN/THE KOREA HERALD

The currency market shrugged off government attempts to cool off the won Thursday, sending it to its biggest gain in almost two years with no end in sight for the sharp appreciation.

Shortly before trading began, Minister of Finance and Economy Lee Hui-jai said the government "will act when necessary."

"If any speculative factors increase the won's volatility, (we) will not tolerate," he told a breakfast meeting with foreign reporters based in Seoul.

But the finance chief failed to issue a more explicit warning or set a certain level to be defended.



ONE Bank Limited Managing Director Syed Nurul Amin and Central Depository Bangladesh Limited (CDBL) Managing Director and CEO MH Samad sign an agreement on behalf of their organisations on Wednesday in Dhaka. Under the deal, CDBL will convert the paper shares of ONE Bank into electronic ones for trading under the central depository system (CDS).

Oil prices up more than \$2 on winter worries

REUTERS, London

Oil prices charged more than two dollars higher Friday on renewed concern over tight supplies of distillate fuels in all main consuming centres ahead of the Northern Hemisphere winter.

US light, sweet crude settled up \$2.22, or nearly 5 percent, to \$44.44 a barrel, stemming a decline that has dragged prices down from a record high of \$55.67 in late October. LONDON IPE Brent jumped \$2.17 to \$44.89 a barrel.

Friday's jump renewed a rally that has added 48 percent to prices so far this year as rising world fuel demand strains supplies of refined products such as gasoline, diesel fuel and heating oil.

Dealers are concerned about heating oil inventories, which are significantly below last year's levels in the top markets of the United States, Germany and Japan. US supplies are 16 percent less than year-ago figures.

News that China, the world's second-biggest energy user, has boosted diesel imports to their highest levels since early 1999 also fueled the gains.

An early or severe winter could

cause a price spike in household heating demand. Continued mild weather, however, would give refiners more time to replenish stocks, providing a cushion against future cold snaps.

The US National Oceanic and Atmospheric Administration said Thursday in a revised forecast that winter would be likely to bring warmer-than-normal conditions in the West and cold temperatures in the East, including the heavy-consuming Northeast.

Over supply on crude markets has also focused attention on the OPEC producers cartel, which has been pumping near flat oil at near 30 million barrels per day since the late summer.

The minister said OPEC member Iran had already made a proposal to cut production at the upcoming meeting. Some producing nations are concerned that a potential build-up in crude stocks over the next few months could depress oil prices.

On Thursday the OPEC cartel revised down its expectations of oil demand growth for next year and projected a rare big winter stock build if the group keeps producing at current levels.

CURRENCY

Following is Saturday's (November 20, 2004) forex trading statement by Standard Chartered Bank

Table with columns: Sell, Buy, TT/Clean, BC, Currency, TT/Clean, OD Sight Doc, OD Transfer. Lists various currencies and their exchange rates.

Exchange rates of some currencies against US dollar

Table with columns: Indian rupee, Pak rupee, Lankan rupee, Thai baht, NZ dollar, Malaysian ringgit. Lists exchange rates for these currencies.

Local interbank FX Trading

Local interbank FX market was subdued on Saturday. Dollar ended unchanged against Bangladeshi taka.

Local Money Market

Money market was active. Call money rate eased further and ranged between 4.25 and 5.00 percent compared with 5.00 and 7.00 percent previously.

International Market

International market was closed on Saturday due to weekend. Before closing on Friday, the dollar slid after Federal Reserve Chairman Alan Greenspan said foreign demand for US assets, which has financed the country's massive current account deficit and propped up dollar, would eventually fall. The dollar dropped to a new 9-year low against the safe-haven Swiss franc. The dollar also fell to record low against the yen since April 2000.

This memorandum is issued by Standard Chartered Bank and is based on or derived from information generally available to the public from sources believed to be reliable. While all reasonable care has been taken in its preparation no responsibility or liability is accepted for errors of fact or of any opinion expressed herein.

TODAY'S TRADED ISSUES November 20, 2004

Large table containing market data for November 20, 2004. It is divided into sections: DSE, CSE, Financial Performance, Turnover Leaders, Capital Gainers, Capital Losers, and Book Close/AGM/Dividend/Info. Each section contains detailed data for various companies, including stock prices, changes, and financial metrics.