

G-20 demands end to farm subsidies at India meet

AFP, New Delhi

A powerful block of 20 developing countries demanded on Friday that rich nations take concrete action to slash subsidies for farm goods.

Indian Trade Minister Kamal Nath set an aggressive tone at the opening of a two-day meeting in New Delhi of G-20 ministers ahead of December's crucial Hong Kong Ministerial Conference of the World Trade

Organisation (WTO).

"As we travel the road to the Hong Kong Ministerial later this year, I believe we have serious work ahead of us," Nath said.

"The G-20 was born out of a concern for agriculture. We will confront with determination and resilience the challenges thrown our way. Farm subsidies simply must go -- they go against the very spirit of the WTO which stands for a level

playing-field."

China's junior Trade Minister Yi Xiaozhun told AFP on the sidelines of the conference that the G-20 could draw "positive energy" from Brazil's recent victory over the United States in a dispute over cotton.

The WTO's landmark ruling in March this year against US cotton subsidies in favor of Brazil has increased a bitter north-south divide over farm subsidies.

Brazil had argued that the US support artificially drove down world prices and distorted competition for its producers. The WTO ruling compels the United States to dismantle hundreds of millions of dollars in subsidies paid to US cotton farmers.

"I think the WTO ruling in favour of Brazil will give us positive energy during important discussions here in Delhi. It was a big victory for developing countries," said Yi.

US House, Senate pass \$2.6 trillion budget bills

AFP, Washington

The US Senate and House of Representatives on Thursday passed separate 2.6 trillion dollar budget blueprints for the 2006 fiscal year, although the bills differed in the details of proposed federal spending.

Lawmakers said the bills would halve the mammoth US budget deficit within five years while providing enough tax relief to allow for economic growth.

The Senate passed its version of the budget 51-49, with four Republicans voting against it.

Unlike the House bill, which largely followed the budget request made earlier this year by US President George W. Bush, the Senate legislation rejected proposed White House cuts in spending on the Medicaid medical insurance program, school aid and other domestic programs.

"Tonight, the Senate passed a fiscally responsible budget that meets the current and future needs of the American people," top Senate Republican Bill Frist said after the vote.

"The budget resolution allocates the necessary resources to winning the war on terror and providing necessary support for our military men and women in Iraq and Afghanistan.

World oil prices off highs

REUTERS, London

World oil prices were a dollar off record highs on Friday after dealers took profits from the recent bull run, but analysts said fears of a supply crunch later this year would keep speculative investors in the market.

Prices in New York and London raced to all-time highs this week as traders shrugged off Opec pledges for extra supply and doubted whether inventory levels and flagging crude output were enough to satisfy the world's seemingly unquenchable oil thirst.

US light crude was up two cents to \$56.42 a barrel just a dollar under the all-time peak of \$57.60 hit on Thursday. London Brent was five cents a barrel down to \$55.01 after hitting \$56.15 in the previous session.

"The strength of global oil demand and US gasoline demand remains a strong source of support for speculative length and we believe \$60 oil is a strong near-term likelihood," Refco brokerage wrote in a report.

"The market remains obsessed with the idea that global demand growth will remain at a healthy clip this year, enough to make the comparatively slower rate of supply growth inadequate."

Analysts say the strength in the

oil price is more evident looking at the futures curve for forward months. US crude for August is trading for instance at a \$1.50 premium to April.

"It's the latter half of the year that has traders worried," Refco added.

A Reuters poll of 25 analysts, consultants and government bodies forecast the mean price for US crude at \$44.90 a barrel this year, up from the 2004 average of \$41.47.

But International Monetary Fund (IMF) head Rodrigo Rato said that despite the oil price, world economic growth remained on track to beat four percent this year.

Oil producers blame speculators, who have built up near-record length in commodity markets, for volatile prices. Analysts are now watching for a US interest rate hike that could bring back some money from oil and trigger lower prices.

Opec on Wednesday announced an immediate 500,000 barrels per day (bpd) output increase, with another half million bpd to come if prices failed to ease. Top producer Saudi Arabia said the extra oil was meant to ward off an end-2005 supply crunch.

"If prices do not fall in May or at the end of April there will be an additional 500,000 bpd to help reduce the price," Indonesian Oil Minister Purnomo Yusgiantoro said.



PHOTO: OPSONIN

A raffle draw of the quarterly Opsonin Medical Newsletter was held on Sunday in Dhaka. Eminent cardiologist Prof M Jalaluddin attended the function as chief guest while Opsonin Managing Director Abdur Rouf Khan, Head of Marketing and Sales (Operations) Arshad-ul-Alam, General Manager (Sales) Ashraf Dawood and other senior officials were also present.

Weekly Currency Roundup

Mar 12-Mar 17, 2005

Local FX Market

US dollar was mostly steady against Bangladeshi taka in the week.

Money Market

In the Treasury bill auction held on Sunday, bid for BDT 1,306.00 million was accepted, compared with BDT 1,119.00 million in the previous week's bid. Weighted average yield of 28-D t-bill increased to 4.59% from 4.18%.

Call money market was active. Call money rate reached as high as 25% this week. However most of the call money deals ranged between 10% and 20% this week.

International FX Market

In the beginning of the week, the dollar recovered ground as investors bought back the cheapened greenback after poor US trade numbers pushed it to two-month lows against the euro last week. The dollar scored its biggest gain against the yen as traders shrugged off an upward revision to Japanese growth data and focused instead on the country's narrowing current account surplus. The dollar also gained against the euro and sterling. The market will be scanning US capital flows figures on Tuesday and current account data on Wednesday to gauge investors' towards the dollar.

The dollar retreated from a one-week high against the euro in the middle of the week ahead of data is expected to show the US current account deficit widened to a record level in the fourth quarter. The dollar failed to hold onto gains after it spiked up in New York trade on Tuesday after data showed that the United States attracted enough overseas investment to finance its trade deficit in January. The yen was mixed, slightly higher against the dollar but down on the euro. Britain's Finance Minister is due to unveil UK budget at 1230 GMT on Wednesday which may give some direction to sterling. Analysts said any measure to support the UK's once-booming property market could help sterling.

The dollar stabilised against the euro by the end of the week after falling nearly a cent the previous day as data showing and record US current account deficit highlighted structural problems in the world's biggest economy. The dollar was also slightly high against the yen. Oil prices hit an all-time peak of \$56.69 a barrel due to lingering supply concerns. A surge in oil prices and falling stocks pushed up volatility index, a gauge of investor risk aversion, to its highest level since late January.

- Standard Chartered Bank



PHOTO: JALALABAD TELECOM

Zakaria Ahmad, managing director of Jalalabad Telecom Ltd (JTL), and Md Nurul Islam, chairman of Bangladesh Telegraph and Telephone Board (BTTB), sign an inter-connectivity deal on behalf of their organisations in Dhaka recently. Masih Malik Chowdhury, chairman, Md Yoqub, member of JTL, Md Fazlul Haq, and Masbha Uddin Ahmed, members of BTTB, were also present at the agreement signing ceremony.



PHOTO: TROPICAL HOMES

President of Planners Tower Owners Association Mushfiqur Rahman receives a symbolic key for the 20-storey Planners Tower, a market place for house decoration and construction materials, at its inaugural function held recently in Dhaka. President of Bangladesh Institute of Planners Dr Golam Rahman, President of Real Estate Housing Association of Bangladesh Dr Towfique M Seraj and Managing Director of Tropical Homes Ltd Rabul Haque, among others, were present at the function.

India places controversial patents bill in parliament

AFP, New Delhi

The Indian government Friday introduced a controversial patents law in parliament that will prohibit domestic firms from copying and churning out low-cost generic versions of patented drugs.

The legislation, being introduced to ensure India falls in line with World Trade Organisation (WTO) rules, will, however, not prevent drug firms in the country from producing and supplying cheaper anti-AIDS generic drugs to other developing countries, officials say.

Opposition members in parliament protested the proposed law saying that it will increase the price of medicines and put domestic pharmaceutical firms at the mercy of multinational companies.

Until now, Indian firms have been able to make cheaper versions of

patented drugs as Indian patent laws protect the process of manufacture rather than the medicines themselves. By simply putting together the drug in a different way, pharmaceutical firms have been able to produce generics of all well-known products.

The proposed law will rectify that, but will introduce patents only on those products made after 1995.

"Many of the patents on blockbuster drugs have expired. The proposed law will not affect the pricing of the majority of drugs," said T.K. Bhaumick, trade expert with the Confederation of Indian Industry.

He said that India should honour its commitment to the World Trade Organisation as the country has dithered over the decision for a decade.

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