

# Delhi committed to Iran-India gas pipeline

Manmohan tells parliament

REUTERS, New Delhi

India is committed to building a pipeline to carry Iranian gas across Pakistan, Prime Minister Manmohan Singh told parliament Friday.

The \$7 billion project to deliver gas to energy-deficient South Asia has been discussed for more than a decade but progress has been slow because of hostility between India and Pakistan, as well as concerns over Iran's nuclear programme.

Singh said India valued its relationship with Iran and wanted to strengthen bilateral ties.

"Let me reiterate in this context that we are committed to the proposed Iran-Pakistan-India gas pipeline," he said, adding that international consultants

were evaluating the economics of the project.

Earlier, Singh discussed the proposal with India's oil minister, Murli Deora, and Pakistan's petroleum minister, Amanullah Khan Jadoon, who is in New Delhi for talks.

"The PM said the pipeline is very important for the economic progress of India, Iran and Pakistan and he is confident that the pipeline will come through," Deora told reporters after the meeting.

The two ministers are expected to discuss various aspects of the project during bilateral talks.

India's former oil minister, Mani Shankar Aiyar, had vigorously pursued the project despite US objections, and

some analysts had suggested his removal from the ministry last month implied the government was getting cold feet about the proposal.

But since taking over the ministry, Deora has strongly backed the project, saying it was vital for the energy security of the country, which imports 70 percent of the oil it consumes and is able to meet barely half the demand for natural gas.

The pipeline plan will come under more scrutiny next month when US President George W. Bush visits New Delhi. The United States, concerned over Iran's nuclear ambitions, has publicly opposed the project.

Washington sees India as a strategic ally and is seeking Indian support to isolate Tehran.

India said early this month it voted to report Iran to the UN Security Council over its nuclear programme but sought to calm Tehran by saying the move would allow for more negotiations.

Last year, in a dramatic policy shift, Bush promised India full cooperation in developing its civilian nuclear power programme as long as it placed its civilian reactors under international inspections.

But even so, Indian officials say the country needs to explore other sources of energy for its rapidly expanding economy including accessing liquefied natural gas (LNG) and building pipelines from Iran, Myanmar or Turkmenistan.



Md Nazrul Islam Mazumder, chairman of Export Import (Exim) Bank, speaks at the annual managers' conference of the bank held recently in Dhaka. Other senior officials were also present.



PHOTO: BATB  
The certificate giving ceremony of Dishari Chechua at Kushtia, a basic IT training centre run by British American Tobacco Bangladesh (BATB), was held on Tuesday. Md Abdul Malek, divisional commissioner of Khulna, gave away certificates among the participants while Jamal A Naser Chowdhury, deputy commissioner of Kushtia, and Shaiful Bahari Mahpar, head of Corporate & Regulatory Affairs of BATB, among others, were present.

## Weekly Currency Roundup

Feb 12-Feb 16, 2006

### Local FX Market

Demand for US dollar was high in this week and USD remained bullish against Bangladeshi taka.

### Money Market

In the Treasury bill auction held on Sunday, bid for BDT 10,138.00 million was accepted, compared with total of BDT 8,822.00 million in the previous week's bid. Weighted average yields remained at the same level.

Overnight call money rate was range-bound throughout the week. The week started with call money rate with range of 9.50-11.00 percent. The rate ranged between 10.00 and 12.00 percent by the rest of the week.

### International FX Market

The dollar hit a six-week high against the euro on Monday, as investors expect new Federal Reserve Chairman Ben Bernanke to signal this week that dollar-supportive US interest rate rises will continue. Bernanke is due to testify to the House Financial Services Committee on Wednesday, his first public appearance to discuss the economy and monetary policy since becoming chief US central banker. Mounting expectations the Fed will keep raising interest rates after 14 straight increases to 4.5 percent has helped the dollar rebound from a slide earlier this year, when investors fretted the currency's yield advantage would shrink. The euro was holding steady versus USD after falling to its lowest since Jan 3. The dollar was little changed against yen from its level in late US trade on Friday. The market shrugged off a weekend meeting of Group of Eight finance minister in Russia that focused on energy prices and paid little attention to exchange rates. Euro zone finance minister will meet in Brussels later on Monday.

The dollar held near six-week highs against the euro and Swiss franc on Wednesday ahead of testimony by Federal Reserve Chairman Ben Bernanke who is expected to signal more interest rate hikes. Bernanke is expected to offer a solid assessment of the US economy when he appears before the House Financial Services Committee later in the day, followed by testimony at the Senate Banking Committee on Thursday. Such an assessment would bode well for the dollar's interest rate advantage over the past year. Investors are also focused on US money flows data for December, with net capital inflows expected to fall to \$82.3 billion.

- Standard Chartered Bank

## China, Iran near \$100b oil deal

AP, Shanghai

China and Iran are close to setting plans to develop Iran's Yadavaran oil field, according to published reports, in a multibillion-dollar deal that comes as Tehran faces the prospect of sanctions over its nuclear programme.

The deal is thought potentially to be worth about \$100 billion.

According to *Caijing*, a respected financial magazine, a Chinese government delegation is due to visit Iran as early as March to formally sign an agreement allowing China Petrochemical Corp., also known as Sinopec, to develop Yadavaran.

The Wall Street Journal also reported in Friday's editions that the two sides are trying to conclude the deal in coming weeks before potential sanctions are imposed on Iran for its nuclear ambitions. The report cited unnamed Iranian oil ministry officials familiar with the talks.

The deal would complete a memorandum of understanding signed in 2004.

In exchange for developing Yadavaran, one of Iran's largest onshore oil fields, China would agree to buy 10 million tons of liquefied natural gas a year for 25 years beginning in 2009, the *Caijing* report said, citing Sinopec board member Mou Shuling.

Chinese and Iranian officials in Beijing said they could not confirm the report.

"I know nothing about this. I can't answer your questions," said Ma Li,

a spokeswoman for the National Development and Reform Commission, the planning agency in charge of China's energy and resources industries that *Caijing* said would dispatch officials to Iran.

Staff at Iran's embassy in Beijing said they were aware of the report but had not heard Mou's remarks, which *Caijing* said were made at a recent embassy event.

A written statement from the Iranian Embassy noted that the two countries have been working together in various energy fields, "following the rule of mutual benefits and respect in all bilateral cooperation."

Calls to Sinopec's headquarters were not answered late Friday.

The *Caijing* report said Chinese and Iranian officials met in December for talks on the project. It cited Mou as saying the two governments and companies involved were moving ahead with the deal despite the controversy over Iran's nuclear program.

According to the *Caijing* report, Sinopec would hold a 51 percent stake in the Yadavaran project, with India's Oil and Natural Gas Corp., or ONGC, taking 29 percent. The remainder would go to Iranian companies and possibly to Royal Dutch Shell PLC, which has also expressed interest, it said.

The report said there was some disagreement over intended capacity, with Iran asking China to agree to daily output of 300,000 barrels of oil, while Sinopec preferred to set a target of 180,000 to avoid excess production.

## STOCK



PHOTO: PUBALI BANK  
Khondkar Ibrahim Khaled (C), managing director of Pubali Bank Ltd, speaks at the bank's first managers' conference of Chittagong region held recently in the port city. Other senior officials of the bank are also seen in the picture.



PHOTO: CONTINENTAL INSURANCE  
The 'Annual Conference-2006' of Continental Insurance Ltd was held recently in Kapashia, Gazipur. Chairman of the company Md Musa Meah, directors, managing director and other senior officials were present at the meeting.