

## Farm Practices Must Change

Farming practices must change to confront soaring food prices that threaten to drive millions of poor people around the world into even deeper poverty, said a new study on Tuesday.



"Business as usual is no longer an option," the International Assessment of Agricultural Science and Technology for Development said in a report, according to a statement from UNESCO, where the study was presented, AFP wrote.

The study group was formed in 2002 by the United Nations Food and Agriculture Organization and the World Bank. Its findings were released in Paris at a moment of mounting alarm at the social and political upheavals that world leaders fear could be triggered by rising food prices. The UNESCO statement here said that since March 2007 prices for soya beans have risen 87 percent and those for wheat 130 percent at a time when global grain stores are at their lowest levels on record. It attributed the trend to increased demand in emerging market powerhouses China and India, as well as the alternative use of maize and soya beans for biofuels.

## Brazil Finds Energy Field

Brazil has discovered a new offshore oil field that could prove to be "the third biggest field in the world," the head of the country's National Oil Agency, Haroldo Lima, said Monday. The find, located off the southwest coast near another field called Tupi whose immense reserves were announced in November, is calculated to hold 33 billion barrels of oil, he was quoted by AFP as saying.

"It could be the biggest discovery in the last 30 years," Lima told a conference, according to Brazilian media. "But nothing is confirmed," he cautioned. He explained that his information was "unofficial" even though it came from Petrobras, Brazil's state-run oil company. Petrobras declined to comment. Its shares rose sharply on the news, however.

The Tupi find has already been hailed as having the potential to propel Brazil into the same league as OPEC nations, with estimated reserves of up to eight billion barrels of oil.

The new discovery—known in Brazil as the Carioca site, and abroad as the Pan de Azucar (or Sugarloaf) site—could have reserves five times bigger than those of Tupi, Lima said.

## Credit Crisis May Limit Monetary Policy

European Central Bank President Jean-Claude Trichet said financial market turmoil may leave central banks with less leeway to decide on interest rates. "We are clearly concerned about the real impacts of the financial market turmoil, as it impacts also on the policy options of central banks, including monetary policy," Trichet said at an economic policy forum at New York University on Monday, Bloomberg reported. "We're in a situation of high uncertainty, where risks are very difficult to quantify."



The ECB has kept its key rate at four percent to fight inflation at a 16-year high, even as the economy of the 15 euro nations loses momentum. The International Monetary Fund on April 9 cut its euro-region growth forecast for this year and said the world economy faces a 25 percent chance of recession. In the US, the Federal Reserve has cut its benchmark rate by three percentage points since mid-September, taking it to 2.25 percent, to shore up growth, and the Bank of England on April 10 lowered its key rate for the third time since December, to 5 percent.

## China Pushing For Higher Tariffs

China on Monday sought to persuade the World Trade Organization to let it keep higher tariffs on industrial goods in any global trade deal, sparking fierce opposition from developed countries. China, which joined the WTO in 2001, wants to be able to charge tariffs above the 23 percent level proposed for developing countries, citing its status as a "recently acceded member," trade officials attending talks here said, AFP wrote.

Beijing is also seeking a 3-5 year grace period to implement tariff cuts rather than the two years currently proposed.

Only Taiwan supports the Chinese move, officials said—a rare show of unity between Beijing and Taipei. The European Union rejected the bid outright, with ambassador Eckart Guth denouncing it as "absolutely unacceptable" while the EU's trade deficit with China "increases by the hour," the officials said. Seven years after China joined the WTO, "there should be no talk about recently acceded members," Guth added.

His comments were echoed by US ambassador Peter Allgeier.

## News in Brief

### UK Producer Prices Surge

The price of goods leaving British factories surged in March by the highest rate since 1991, owing to bigger taxes and as raw material costs soared to record highs, official data showed Monday. Producer prices rocketed by 6.2 percent in March, compared with 12 months earlier, Britain's Office for National Statistics said in a statement, AFP reported.

On a monthly basis, producer prices rose by 0.9 percent in March from February, the ONS said. The readings overshot market expectations for an annual increase of 5.6 percent and a monthly gain of 0.5 percent. The surge was partly fuelled by higher government taxation on alcohol, petrol and tobacco products.

### IAG Rejects Takeover Bid

Insurance Australia Group (IAG) said Tuesday it had rejected a 7.9 billion dollar (7.4 billion US dollars) takeover bid from rival QBE Insurance Group as "totally inadequate". QBE confirmed that it last week offered 0.142 QBE shares and 70 cents cash for each IAG share, in what it described as a "possible merger" with its rival, AFP reported.

IAG chairman James Strong said the approach was knocked back because it did not reflect the company's long-term prospects and inherent value. "While QBE has claimed the proposal is a merger, the terms and the relative size of the businesses make it clear it is a takeover," he said in a statement. "In these circumstances, the price proposed, which represented only a one percent premium to the closing price on Friday, is totally inadequate."

### S. Korea to Spur Economic Growth

South Korea plans to reallocate money from this year's budget to develop subway stations and create more jobs in a move to spur economic growth. The government will divert 2.5 trillion won (\$2.5 billion) from this year's planned budget for the projects, the Finance Ministry said in a statement in Gwachon, Bloomberg wrote.

The announcement comes less than a week after the Grand National Party won a majority in a legislative election, giving President Lee Myung Bak the power to push through policies to lift growth. Lee said April 13 that domestic demand may shrink and the government will encourage companies to invest more.

### Possible Spy Link at Siemens

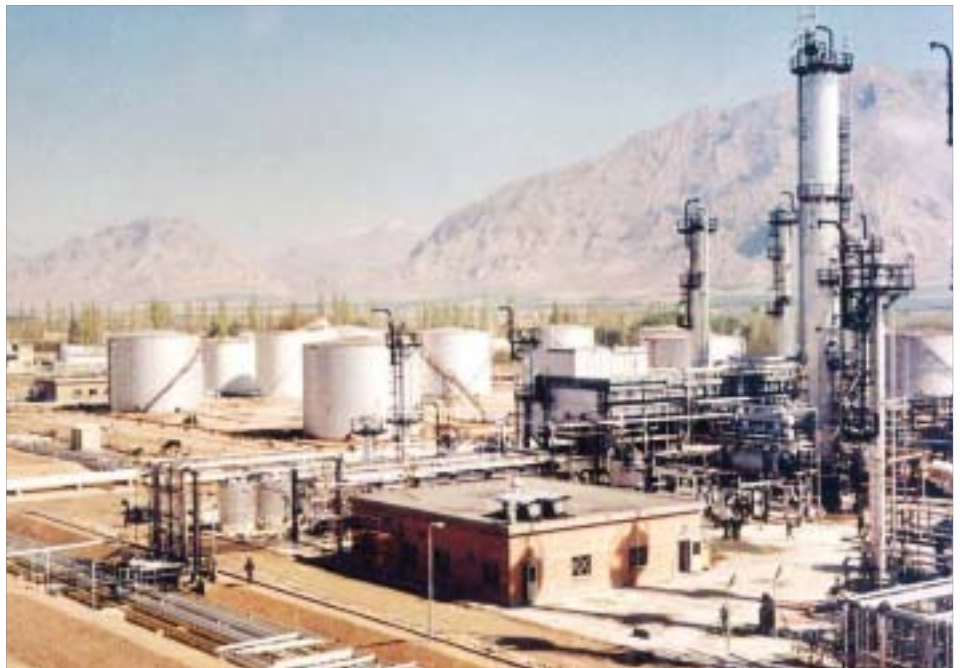
Siemens, already the subject of massive corruption allegations, had murky links with Germany's secret services over a period of several decades, AFP said.

The industrial and electronics conglomerate supplied the secret services, known as the BND, with spying equipment, and former board member Volker Jung was the BND's point man with the firm, Spiegel magazine alleged Monday.

Siemens sold bugging equipment around the world including to Russia, Egypt and Oman and was able to listen in on traffic on countries' telephone exchanges—something that was potentially useful for the BND, Spiegel said.

Other media reports meanwhile alleged that corruption may have been even more endemic within Siemens than thought.

# Oil Above \$112



A view of Kermanshah Oil Refinery

World oil prices touched new record highs above \$112 a barrel in Asian trade on Tuesday as supply concerns and a sluggish greenback remained key factors behind the hike, dealers said. They said market sentiment remained bullish after latest US government data showed a surprise sharp fall in the country's energy stockpiles, while the weak dollar also contributed to a surge in crude oil futures, AFP reported.

Also pushing prices higher was a temporary shutdown to repair a small leak in a pipeline that transports oil into the US Midwest, and dealers said that a prolonged shutdown could take the cost of crude even higher.

In late morning trade, New York's main contract, light sweet crude for May delivery, briefly traded at a new intraday peak of \$112.48 before easing to \$112.33. The previous record peak was \$112.21 set last week.

The contract closed at a record high of \$111.76 at the end of floor trading Monday on the New York Mercantile Exchange during US working hours.

London's Brent North Sea crude for May delivery rose to a new intraday high of \$110.45, up 61 cents from its close of \$109.84 Monday. The London contract broke through the 110-dollar barrier for the first time Monday.

"Oil prices have been firm and it partly reflects the soft tone of the US dollar," said David Moore, a Sydney-based commodity strategist with the Commonwealth Bank of Australia.

A weak US currency tends to encourage demand for dollar-priced crude because it becomes more affordable for foreign buyers.

The US dollar dived to a fresh low of 1.5913 to the euro last Wednesday and has only partially regained its ground against the European unit.

Fresh supply concerns were also a factor after US energy stockpiles showed an unexpectedly sharp decline in the week ending April 4.

Crude oil stockpiles slumped by 3.2 million barrels and gasoline inventories shed 3.4 million barrels, according to the US government.

In Nigeria, Eni's Beniboye oil flow station has been losing 5,000 barrels of oil per day due to a fire that broke out during the weekend after sabotage, the Italian energy firm said on Monday, Reuters said. Nigeria produces about two million barrels of oil a day.

On Saturday, OPEC's head of petroleum market analysis told the International Monetary Fund's steering committee that global demand appeared to be softening, and that high oil prices in recent months were due more to financial market developments than fundamental growth in demand. "Oil market fundamentals point to a market which is currently well supplied and the balance is expected to soften further due to lower seasonal demand in the coming months," Mohammad Alipour-Jeddi said in a statement.

His comments were set against growing signs of economic slowdown in the United States and after the International Energy Agency lowered its oil demand forecasts on Friday.