FULLY FRANK

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Bad eggs in world trade basket case

AFTER five years, you would think that world trade talks would have moved on from the collapse stage.

Instead, all you see in the entrails of the so-called Doha round are the usual unhealthy signs of the big countries bickering among each other while the poor countries most damaged by absurd agricultural subsidies sit outside and sweat on picking up some crumbs.

Whether or not WTO chief Pascal Lamy can produce some sort of accord this year and pump around $130 billion into the world economy or not is now almost beside the point.

Despite the endless complications and distractions of these talks, the issues are really quite simple.

The Europeans want to maintain agriculture as it has always existed and will throw enormous amounts of money at uneconomic farms to ensure it does.

If that structure is threatened, the farmers take to the streets for a while until it is restored.

The Americans are slightly more complicated — they put one hand in the air saying they believe in free trade and then shovel enormous amounts of money at the farming lobby with the other.

Japan similarly lavishes money on its farmers.

All of this depresses the prices poorer countries can get for their agricultural exports and serves to make the protected agricultural industries less efficient.

That leads farm lobby leaders to fight harder for more subsidies every year as their dependence grows.

OECD figures show that an amazing 30 per cent of agricultural income now comes in the form of agriculture subsidies.

Protest: not much has changed since farmers took over the streets in 1999.

The three biggest offenders are the EU, Japan and the US, which account for more than 80 per cent of farm subsidies.

An influential study by the Washington DC based Cato Institute found that US subsidies paid between 1995 and 2003 would have bought outright more than a quarter of all US farms. It estimated the direct cost of these subsidies at a staggering $200 a year for every US household. The end result is that efficient, unsubsidised producing countries such as Australia cop it in the neck on price while the giants bicker over terms and numbers.

And the poorer countries suffer even more because of the selfish few, which are not helping the long run competitiveness of their agricultural sector anyway.

Another magic pill to shed the flab

THE French may take out the World Cup *and* deliver one of the hottest drugs for some time.

Called Acomplia and already on sale in some European countries, it is the first "fat" drug on the market designed to reduce food cravings by blocking signals to the brain.

Developed by Sanofi-Aventis, the drug could be approved for use in the fattest of fat markets — the US — later this year.

Like most "fat" drugs, Acomplia is not a silver bullet that simply makes you thin overnight.

Most users lose about 6.3kg in the first year and then stabilise but even that limited success may lead to the drug getting annual sales of more than $7 billion.

The only possible side effect noticed so far by those on the willpower drug is a possible increase in depression.

In tests on the drug, those who cut their calorie intake and stayed on it dropped an average 7.4kg over two years. That is a lower weight loss than those who went on a diet and exercised over the same period, but many find it difficult to remain on that sort of regimen.

If people go off the drug, they tend to put the weight back on which is bad news for them but good for repeat sales.

Already the cosmetic market for the drug is so strong that scammers are selling fake copies of it.

Initially European sales of the drug will be limited to patients with high cholesterol or at risk of diabetes and their reaction to the drug will be monitored closely.

Sanofi failed to get the drug registered for use in patients who want to give up smoking, although it is said to control nicotine urges.

Australian and New Zealand authorities are still evaluating the drug, which works by switching off receptors in the body.

One of the concerns about the drug is that doctors will be put under strong pressure to prescribe it, despite a fairly rigid and limiting set of rules under which it should be used.

A-Cap appeals to kings of Kalahari

WE have had a lot of dual listed companies in Australia but uranium explorer A-Cap resources is doing it with a difference.

A subsidiary of Cardia Technologies, A-Cap is planning to dual-list on the Botswana stock exchange.

The aim, according to chairman Pat Volpe, is to give investors in Botswana a chance to invest in the company, which is exploring almost exclusively in Botswana.

Whilst small, the Botswana exchange in Gaborone is thriving.

All companies listed are part of the Botswana share market index and trading is by the tried and true open outcry system. Two really nice features of the exchange are that it stops trading at noon on Fridays and there is no local capital gains tax.

Volpe said further details would be provided when the dual listing is granted.

A-Cap shares firmed 1¢ to 27¢ yesterday.

China yet to stomach a big Mac

MACQUARIE Bank looks like coming up empty-handed yet again in its $9.8 billion quest to buy Hong Kong's fixed-line phones.

The silver doughnut may have the financial firepower to pull off the deal, yet it appears that the Chinese Government is a lot less keen on foreign interlopers grabbing essential telephone and media infrastructure.

The State-owned companies CITIC Group and China Netcom Group may storm into the battle with a distinct home-court advantage.

That would put paid to the ambitions of Macquarie and its rival, US investment firm TPG Newbridge.

China Netcom already has a 20 per cent stake in PCCW and has expressed concerns about Hong Kong's phone infrastructure falling into foreign hands.

Yesterday, the PCCW board remained split on what to do about the bids, with the China Netcom directors not backing any asset sale.

While the competing bids and kick-up in PCCW shares have been greeted with relief by long-suffering PCCW shareholders, they are a long way from coming out on top.

Run by Richard Li, son of Asia's richest man Li Ka-shing, PCCW has suffered one of the biggest value destructive share market wallopings of all time.

At the peak of the dotcom boom, PCCW was capitalised at a staggering $57 billion before its value collapsed.

That value has recovered slightly due to the bidding pressure to about $6.6 billion but is still well shy of the $38 billion PCCW paid Cable & Wireless for the fixed-line phone business six years ago.

Fortunately for PCCW, much of that "consideration" was in the form of inflated PCCW shares.

Telstra famously blew about $2.7 billion on its Reach undersea cable joint venture with PCCW, with many saying at the time that the local telco had done the deal with the "wrong Li".

Man of iron ore

IAN Burston is turning into the Australian go-to man for difficult iron ore deposits.

First he successfully got Aztec Resources on track to revive iron ore production at Koolan Island years after BHP flooded the mine and walked away.

Now he is taking on the job of chairing Cape Lambert Iron Ore which owns a Pilbara magnetite deposit.

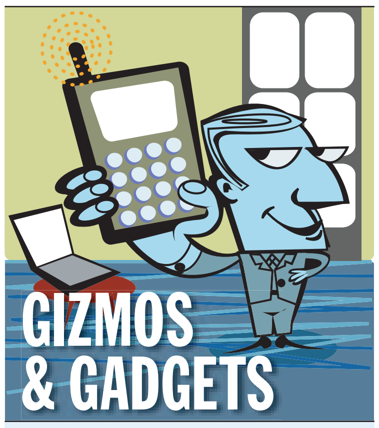
Cape Lambert is targeting production for late 2009.

One of the big advantages of the project is that it doesn't need a railway, just a short slurry pipeline to the Cape Lambert port run by Rio Tinto.

Dr Burston is confident the 2.5 billion tonne deposit will be mined, with increasing interest in magnetite ore.

Historically high grade haematite ore such as that produced by BHP Billiton and Rio Tinto in the Pilbara is highly sought after by customers because it can be directly fed into blast furnaces.

Magnetite requires upgrading into pellets or pig iron to improve the iron content, but steelmakers such as OneSteel are increasingly using magnetite ore.



Docks and ports

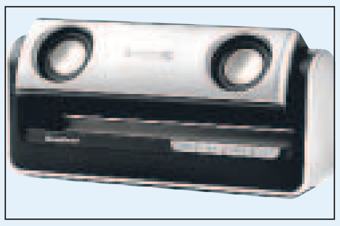
Notebook docking station
$199
Targus: 1800 641 645
www.targus.com/au

NOTEBOOK PCs are great for travel, but they can be a real pain when you're trying to use them as full workstations back in the office.

The Targus Universal Notebook Docking Station provides most of the connectivity ports found on conventional desktop systems, and allows the connection of virtually any high-speed parallel, serial, audio or 10/100-Base T network device.

Serial, parallel, two PS/2 and 10/100 Ethernet LAN ports are provided, along with four additional USB 2.0 ports (two high-powered).

Built-in S/PDIF digital audio provides virtual 7.1 surround sound.



Sound and movement

Portable speaker
$79.95
Creative: (02) 9021 9800
www.australia.creative.com

THE Creative TravelSound 400 can be connected to any portable music player for music on the move.

Designed with the traveller in mind, the TravelSound 400 uses twin NeoTitanium drivers to provide improved clarity.

The unit can deliver 35 hours of music using four AAA alkaline batteries.

Power pod

iPod docking station
$340
LeisureTech: 1800 24 22 87
www.leisuretech.com.au

A-BUS has added the i-Bus iPod docking unit to its multi-room audio system.

The Australian A-BUS system begins with a main audio source in a central area. This connects to a series of small amplifiers hidden behind wall plates, and recessed ceiling or wall speakers.

The pricing for four rooms is about $2000 plus cabling and installation.

– Compiled by DAVID BULLARD and PETER FAMILARI

More gadgets in tomorrow's Connect liftout