

# Star BUSINESS

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## US willing to improve offer to cut farm subsidies

XINHUA, Canberra

Visiting US Secretary for Agriculture Mike Johanns has said the United States is willing to improve its existing offer to cut billion-dollar subsidies to its farmers in a move that could revive the stalled world trade talks.

Johanns is in Cairns, the state of Queensland, to attend an expanded meeting of the Cairns Group, a coalition of 18 agricultural exporting countries that have been pushing for liberalization of trade barriers.

The meeting was expanded to include the United States and the European Union (EU) in order to breathe new life to the Doha Round of World Trade Organization (WTO) talks stalled in July.

Johanns told The Australian one of Australia's leading newspapers, Wednesday that the United States is willing to improve its existing offer, but Europe had to break out of its "1930s mentality."

"We're willing to be at the table and negotiate our way through this," Johanns said.

"We're willing to cut our subsidies ... But the EU has to be more flexible. They cannot continue to maintain very high tariffs. Even at the end of this, they'll still be able to subsidize their farmers at twice the level the US would," he said.

Australia has proposed a plan requiring the United States to improve by 5 billion US dollars its proposed cuts in farm support payments and the EU to better by 5

percent its offer of reducing average farm tariffs.

But the EU declared earlier this week that nothing more could be done at present.

EU's chief trade negotiator Peter Mandelson has rejected the plan as "undoable," saying raising the EU's offer on farm tariffs by 5 percent would go beyond what was reasonable and would require Europe to do more of the heavy lifting on reducing farm protection, when it had already promised more than its fair share.

It was reported that the plan is likely to be endorsed by the Cairns Group at the meeting.

## Oil could slide to \$40!

AFP, Riyadh

World oil prices could drop to as low as 40 dollars a barrel by mid-2007 over receding geopolitical concerns but a collapse to pre-2003 prices is ruled out, Opec's former acting secretary general said Thursday.

"It is very difficult for me to think of prices sliding to pre-2003 levels. We are talking about perhaps 40, 50 or 60 (dollars)," Adnan Shihab Eldin told AFP in an interview.

Strong fundamentals of supply and demand, which underwent a dramatic change over the past three years, will continue to support a price of between 40 and 60 dollars a barrel and may be higher, Eldin said.

"It's possible that the price may dip to 40 dollars, but not this year, maybe in 2007 and 2008," depending on geopolitical conflicts, said Eldin, now a top contender for the post of Opec secretary general.

The current price swings, Eldin said, were mainly due to geopolitical factors, such as the crisis over Iran's nuclear programme, Iraq and Middle East tension.

"During the past few weeks, prices dropped 20 percent although the market fundamentals remained unchanged... Prices are moderating because the fear factor has receded."

The fear factor accounts for between 10 and 20 dollars of the price, said Eldin, who was acting secretary general under Kuwait's presidency of Opec until the end of last year.

Oil prices, which have tripled over the past three years, dipped briefly below 60 dollars on Wednesday, a six-month low, before recovering some ground in Asian trade Thursday.

Oil prices have fallen 22 percent since the July record of 78.40 dollars on fears of supply disruptions in the Middle East at the height of the war between Israel and the Hezbollah Shiite militia in Lebanon.

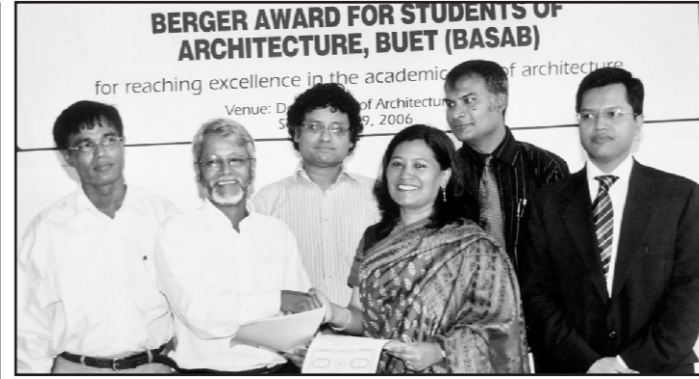


PHOTO: UNITREND

A memorandum of understanding (MoU) was signed between Berger Paints (BD) Ltd and Bureau of Research, Testing and Consultation (BRTC) of BUET on Tuesday in Dhaka. Under the MoU, Berger has introduced award programme for the students of architecture of Bangladesh University of Engineering and Technology (BUET). Rupali Chowdhury, director (Operations) of Berger Paints, Prof Abdul Muqtadir, director of the BRTC, Prof Nizamuddin Ahed, head of Architecture Department, among others, were present.

## CURRENCY

Following is Thursday's (September 21, 2006) forex trading statement by Standard Chartered Bank

Major currency exchange rates			Exchange rate of some currencies	
	BC Sell	TT Buy	Per USD	BDT per Currency
US dollar	67.10	65.93		
Euro	86.71	82.52	Indian rupee	45.82 1.45
Pound	128.28	123.24	Pak rupee	60.51 1.10
Australian dollar	52.10	48.54	Lankan rupee	102.57 0.65
Japanese yen	0.59	0.56	Thai baht	37.49 1.77
Swiss franc	54.54	52.01	Malaysian ringgit	3.67 18.10
Swedish kroner	9.65	8.74		
Canadian dollar	60.59	57.87	USD forward rate against BDT	
Hong Kong dollar	8.64	8.45		
Singapore dollar	43.38	41.56		
UAE dirham	18.42	17.61	Buy	Sell
Saudi riyal	18.04	17.44	1M	66.02 67.20
Danish kroner	11.95	10.79	2M	66.13 67.40
Kuwaiti dinar	228.63	226.65	3M	66.27 67.62
			6M	66.69 68.31

### Local Market

**FX:** Local inter-bank FX market was active on Thursday as the banks prepared to close for the weekend. The demand for USD remained stable and there is a steady volume of cross currency transactions. The USD rose slightly against Bangladeshi taka.

### Money Market

Money market was active on Thursday. Call money rate remained unchanged and ranged between 6.50 and 7.00

### International Market

The dollar fell on Thursday after the Federal Reserve left interest rates on hold for the second straight policy meeting and suggested inflation risks were moderating. As widely expected, the Fed voted to keep its overnight funds rate at 5.25 percent, the level reached in June after increases at 17 straight meetings stretching over two years.



PHOTO: EBL

Senior officials of Eastern Bank Ltd (EBL) and some members of Bangladesh national cricket team are seen at the second phase of the launching ceremony of 'EBL Lifestyle VISA Prepaid Card' held on Saturday at Gulshan in Dhaka.



PHOTO: MAGNUM MARKETING

The 'Dealers Conference 2005-06' of Magnum Marketing Ltd, which distributes Hitachi brand refrigerators of Japan in Bangladesh, was held recently in Dhaka. Mir Nasir Hossain, president of the Federation of Bangladesh Chambers of Commerce and Industry (FBCCI), Mian Ashik-E-Mostafa, director of Magnum Marketing, and Mian Ahmed Kibria, managing director, among others, were present at the meeting.



PHOTO: SOUTHTECH LTD

Dr MR Khan, national professor and chairman of Central Hospital Ltd, and Syed Mannun Quader, managing director and CEO of Southtech Ltd, a software company, exchange documents after signing an agreement recently in Dhaka. Under the deal, the hospital will use Southtech PatientCare, an integrated hospital management software. Senior officials from both the sides are also seen.