

## EU splits over farm subsidy reform programme

AFP, Paris

The battle lines were drawn on Thursday over EU plans to reform its 40-year-old system of costly and protectionist agricultural subsidies, with Brussels facing a tough fight to push its proposals through.

The man behind the reform, European Commissioner for Agriculture Franz Fischler, announced a tour of EU nation capitals, beginning in Paris next week, during which he will explain the reform plan.

France and Spain, along with numerous farming groups all declared opposition to the reforms, unveiled on Wednesday in Brussels by Fischler.

But they were cautiously welcomed by the Netherlands, non-European competitors and states applying for EU membership.

Fischler proposed changes to the 40 billion euro Common Agricultural Policy (CAP), cutting the long-standing link between the amount farmers produce and the subsidies they receive.

Brussels — urged on by the major contributor to the CAP, Germany —

wants to modify the system to stop overproduction and establish a less costly scheme before the European Union expands eastwards to take in such farm-intensive countries as Poland.

The reforms should improve Europe's negotiating position with the World Trade Organisation which has long condemned the production subsidy system, said Fischler's spokesman.

"We will want something in exchange," he said.

He added that the United States, which recently extended its system of farm production subsidies, could face increased pressure from the WTO.

"Europe will gain in credibility, credibility which is lost to the Americans," the spokesman said.

The reforms will now be presented at a meeting of EU agriculture ministers next Monday for consideration with tough talks ahead for Fischler to convince all 15 member states to back the proposals.

Spain's Agriculture Minister Miguel Arias Canete on Thursday declared the reforms to be "nega-

tive" for Spain whose agricultural output is 4.1 per cent of gross domestic product compared to just 2.4 per cent in France.

His comments were echoed by the two major agricultural unions in Spain, the Coalition of Farmers and Stockbreeders (COAG) and the union representing small-sized farm and stockbreeding operations (UPA), which outrightly rejected the proposals, claiming a loss of 700 million euros (694 million dollars) to Spanish farmers.

Spanish newspapers hailed the reforms as being positive for the future of Europe.

Austrian Agriculture Minister Wilhelm Molterer said the reforms would "touch the heart" of the country's agricultural sector, largely made up of small farms of less than 10 hectares.

But Fritz Grillitsch, president of Bauernbund, Austria's main farmers' union, said the proposals would force more than half of agricultural operations working full-time out of business.

In Belgium, the director-general of the Wallonian Agricultural Federation, Sabine Lauruelle, said

the proposals were unacceptable.

"The social impact of these reforms would be catastrophic in the Wallonian region."

And in Italy, the two major agricultural unions, the Coldiretti and the Italian Confederation of Farmers (CIA) threw their support behind Brussels' plans.

"The CIA shares the belief in the objective to rebalance expenditure between support for market prices (a move which has penalised Italy) and the politics of rural development which correspond with the new demands of public opinion," an union statement said.

But another Italian union Confagricoltura completely rejected the proposals.

French Agriculture Minister Herve Gaymard reaffirmed Wednesday his country's opposition to the plans, and said the Commission "is going far beyond its mandate as defined by the European council of heads of state and government" in Berlin in 1999.

But the Dutch Agriculture Minister Laurens-Jan Brinkhorst declared Fischler's reforms to be "courageous".

## Half-yearly confce of First Security Bank held

The half-yearly conference - 2002 of the executives and heads of branches of First Security Bank Ltd was held at a city hotel on Thursday, says a press release.

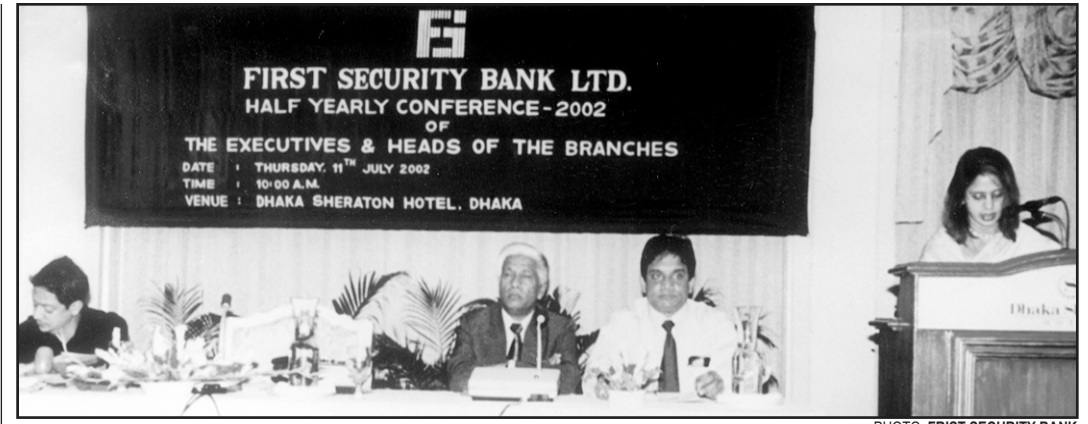
Nasim Sikder, chairperson of the bank, inaugurated the conference as chief guest while Managing Director while Md Sarwaruzzaman Khan presided over it. Ron Haque Sikder was present on the occasion.

Nasim Sikder, in her speech, advised the executives and heads of branches to establish themselves as a banker through achieving professional excellency.

The managing director termed the half yearly performance of the bank satisfactory and presented a picture of its various activities specially in the area of profit, deposit, business, development and expansion of foreign exchange business.

The half yearly activities of the bank was reviewed and business target of the bank up to December, 2002 was fixed.

The conference was attended among others by Mohammad Feroze, executive vice president, executives and heads of the branches of the bank.



Nasim Sikder, chairperson of Frist Security Bank Ltd, speaks as chief guest at the inauguration of the Half Yearly Conference-2002 of the bank's executives and branch heads at a city hotel on Thursday.

## China sees healthy growth

AFP, Beijing

China on Friday bullishly predicted strong economic growth for the first half of the year fuelled by soaring exports and investment, coupled with huge state spending, but economists warned the euphoria might not last.

Year-on-year growth to the end of June will be 7.5 per cent, well up on the 7.0 per cent minimum target set for 2002, according to official research body the State Information Center cited by the state Xinhua news agency.

The State Planning Commission,

China's top economic planning body, was even more confident, telling Friday's China Securities Journal that the rate would reach 7.8 per cent.

If this is reflected in the official growth rate — released Monday morning — it will be a major achievement in what many had predicted would be a tricky year for Asia's second-biggest economy.

As 2002 loomed, analysts gloomily forecast that with growth and foreign investment tailing off and economic restructuring starting to bite, expansion could dip below 7.0 per cent for the first time in 11

years. Instead, Xinhua gleefully reported, growth was on track, crediting strong exports — up 14.1 per cent year-on-year in the first half — and consumption, as well as continued massive government investment.

Analysts agreed growth seemed strong.

"I think fixed-asset investment has been helping to drive the economy in the first half of the year, along with exports and foreign direct investment," said Robert Subarraman, north Asia analyst at Lehman Brothers in Tokyo.

## IMF, WB to hold meetings in Sept

REUTERS, Washington

The International Monetary Fund and the World Bank Thursday said they will hold shorter-than-usual annual meetings in Washington in September — something antiglobalisation protesters attributed in part to growing demonstrations against the lenders.

"The decision (to truncate the meetings) was taken in consultation with the US government, who are the hosts of the meetings," World Bank spokesman Damian Milverton told Reuters.

"Looking back over the past couple of years we are taking into account issues of potential disruption to the community, security and logistics," he added. "Our concern is to hold effective meetings."



Rajshahi Krishi Unnayan Bank (RAKUB) held a press conference at its Dhaka branch Tuesday on its performance in the fiscal year 2001-2002. The bank earned Tk 26.20 crore operating profit during the year. Among others, Ruhul Kabir Rizvi, chairman of the bank, Dr Mujibur Rahman Khan, managing director, and Mustafizur Rahman, DGM, were present on the occasion.

## Japan reviews rice policy amid free trade pressure

REUTERS, Tokyo

With pressure escalating on Japan to open up its notoriously sheltered rice trade, Japan is set to shift its priority from protecting farmers to promoting large and efficient farms to make home-grown rice competitive with imports.

For more than three decades, the Agriculture Ministry has stuck to a costly scheme of controlling rice-planted areas as a way to avoid oversupply and stabilise prices, causing high production costs and product prices. The price of home-grown rice, now about 270 yen per kg (\$2.30 per 2.2 lb), is three times that of imported rice on average.

## Battered stocks threaten US economy: Experts

AFP, Washington

Battered US stocks now present a menace to the US economic recovery, unnerving consumers whose spending makes up two-thirds of activity, experts said Thursday.

"All of the positive things that we expected to happen in the second half — a rebound, strengthening consumer spending, an upturn in business capital investment — are now at risk," said Sal Guatieri, a Chicago-based economist at Bank of Montreal.

"That risk grows the more the stock market falls."

Wall Street's blue-chip Dow Jones index, which closed margin-

ally lower after plunging through most of the week, is now down 24.9 per cent from its record high of 11,722.98 on January 14, 2000.

"You have a negative hit to investor confidence and likely consumer confidence, which in turn will dampen consumer spending going forward," Guatieri said.

He forecast economic growth of 2.5 per cent in the April-June quarter, accelerating to 5.0 per cent by the final quarter of this year.

"We are still on the optimistic end of expectations. But we must admit the risks are starting to accumulate on the downside because of the continued drop on the stock markets."

Federal Reserve calculations estimated that a 20-per cent fall in stocks over a year would remove 0.5 per cent from overall gross domestic product, Guatieri said.

John Lonski, chief economist at Moody's Investors Services, said a continued decline would depress businesses' investment and expansion plans, which in turn could hit employment.

"This slide of equity prices is so severe that not only does it threaten business confidence and consumer confidence of course, (but) it also will further erode shareholder wealth with possibly negative implications for consumer spending."

## STOCK