

EU scraps subsidies on dairy exports

AFP, Brussels

The EU is to end all subsidies on dairy exports, almost 40 years after they were introduced, the European Commission announced Thursday.

The dairy management committee, which brings together experts from the EU and member states, decided to reduce to zero all refunds on exports of butter and cheese, the last to go.

The decision must still be formally adopted but that process is only expected to take days, said Michael Mann, spokesman for EU Agriculture Commissioner Mariann Fischer Boel.

Dairy export subsidies have been progressively scrapped starting with skimmed milk powder in mid-2006.

This is partly the result of Common Agricultural Policy reforms but "mainly the result of extraordinary conditions on the

internal market and the world market," the Commission said in a statement, a reference to higher world prices.

The export subsidies were introduced in 1968 to help EU producers sell on the global market where they were not competitive.

The subsidy was based on the difference between the world market price and the higher guaranteed price in the EU.

The mechanism has regularly been denounced by NGOs in the development field as a tool against the world's poorest farmers.

In 2005 the subsidies reached a record 1.14 billion euros (1.52 billion dollars at today's conversion rate) while world prices were low, said Mann.

Higher world prices have rendered the subsidies unnecessary, handily in line with EU farming reforms.

Technically speaking however, while the subsidies have been

reduced to zero their legal basis remains and they could be reactivated in future.

The political decision to scrap the subsidies definitively could be part of major reforms expected in 2013.

The EU Commission has proposed to the World Trade Organisation to scrap all its farm export subsidies by 2013, if other countries, notably the United States, do the same.

Europe is already in the process of scrapping subsidies on sugar, as part of a sector reform.

Fruit and vegetable subsidies are next in line for the chop.

That would leave the subsidies on cereals, beef and pork, chicken and eggs and some processed foods, not to mention the wine sector, though Mann assured that all these together do not represent massive amounts.

Oil above \$67

AP, Undated

Oil prices were down slightly Friday after reaching a nine-month high overnight on worries that the U.S. refining industry can't meet peak summer gasoline demand.

At midday in Europe, light, sweet crude for July delivery was down 26 cents at \$67.39 a barrel on the New York Mercantile Exchange.

The contract rose \$1.39 to settle at \$67.65 a barrel Thursday, the first time since September that Nymex crude closed above \$67 a barrel.

Brent crude for August delivery fell 49 cents to \$70.87 a barrel on the ICE Futures exchange in London.

The U.S. Energy Department reported Wednesday that refinery utilization fell last week, and that gasoline inventories did not grow.

"The thing about those numbers is everybody knew that they (were) going to be struggling to keep up with gasoline demand as it was ... but they didn't seem to make any progress refining-wise," said Tobin Gorey, a commodity strategist with the Commonwealth Bank of Australia in Sydney.

Dollar gains further

AFP, Tokyo

The dollar traded near a four-and-a-half year high against the yen in Asian trade Friday as Japan's central bank unanimously kept its super-low interest rates unchanged, dealers said.

They said the market was on tenterhooks ahead of US inflation data that could prove key to whether the Federal Reserve hikes its key lending rate again any time soon.

The dollar was at 123.00 yen in Tokyo afternoon trade, up from 122.88 yen in New York late on Thursday, when the US unit briefly crossed the 123-yen line for the first time since December 2002.

The euro edged up to 1.3322 dollars from 1.3310 and to 163.83 yen from 163.57.

The Bank of Japan on Friday unanimously left interest rates at 0.5 percent, the lowest among major economies. While the decision was widely expected amid tepid inflation, some analysts had predicted a split vote.



PHOTO: DBBL

Dutch-Bangla Bank Ltd (DBBL) recently organised a workshop on 'UCP-600: Documentary Credit 2007 Revision' for the executives of import and export sections of its branches and head office. AHM Nazmul Quadir, additional managing director, KS Tabrez, deputy managing director (Administration), and Ghulam Kabir, deputy managing director (Operation) of the bank, among others, were present at the workshop.



PHOTO: STAR

The annual distributors' conference of Gulf Oil Bangladesh Ltd was held yesterday in Cox's Bazar. Chairman of the company V Ramesh Rao and CEO TM Mazumder, among others, were present at the conference. Gulf Oil is a multinational company operating in more than 150 countries.

Int'l road body wants smooth 'Silk Road'

AFP, Warsaw

The head of an international transport lobby on Thursday called on governments across Asia and Europe to slash red tape and other barriers to road trade, saying it was time to smooth the "Silk Road".

"Our dream is to create, with road transport, peace and prosperity not only in a handful of ports and port hinterlands, but in all the other regions," said Paul Laeremans, president of the International Road Transport Union.

"If it was possible to link these regions by transporting goods along the Silk Road 700 years ago, why would it not be possible today?"

"We must imperatively pull down the numerous obstacles to road transport and trade, resulting mainly from inappropriate procedures rather than a lack of infrastructure," Laeremans said in a speech to a conference on Asian and European

transport in Warsaw.

The biggest headaches along the ancient trade route stem from bureaucracy in Russia and the former Soviet republics of Central Asia, according to the International Road Transport Union, which groups 180 member associations in 70 member countries.

"Governments should never forget that any penalty on road transport is an even bigger penalty on economic development," said Laeremans.

European Union member states, meanwhile, have increasingly harmonised their transport policies, the union noted.

China's booming economy is increasing the need to boost links across the two continents, and sea and rail routes are unable to absorb the trade flows, according to the road organisation.



PHOTO: UNITREND

Masih UI Karim, managing director of Berger Paints Bangladesh Ltd, inaugurates an office of 'Berger Home Décor' at Banani in Dhaka on Tuesday. Senior officials of the company, among others, were present at the opening ceremony.

Weekly Currency Roundup

June 10-June 14, 2007

Local FX Market

The demand for US dollar was stable in the week. There was ample liquidity in the market, and the dollar remained steady against the Bangladeshi Taka and declining slightly this week.

Money Market

Overnight money market was stable this week. The call money rate was ranged a little high at the beginning of the week, but declined later in the week. Most of the deals ranged between 6.60 and 6.75 percent at the end of the week.

Int'l FX Market

This week the US dollar gained clawed back it losses again its major rivals, backed by rising yields of US Treasury bills which drew investors to invest in search of higher returns. The yen fell back against its a basket of major currencies as the Bank of Japan's low rates encouraged investors to continue to fund their carry trades with the yen. The other highlight of the week was the major fall of the New Zealand dollar from a 22-year high against the US dollar, after the Reserve Bank of New Zealand sold the kiwi dollar to curb the bullish trend.

US dollar

The US dollar gained ground against its major rivals, reaching a 11-week high against the euro and a 4 and a half year high against the yen. The recovery of the dollar was mainly because of a rising yield of US Treasury bills, which drew investors looking for higher returns. Benchmark Treasury yields moved nearly quarter of a percentage last week, making US debt more attractive to US and foreign buyers, and reduced expectations of a rate cut later this year. Data also showed that US trade deficit has reduced in April and that the economy is recovering.

Euro

The euro hit a 11-week low against the dollar and remained more or less steady throughout the week. The ECB had raised its interest rate to 4 percent as expected and there is indication of one more hike later this year.

Yen

The Yen hit a 4-year low against the US dollar, as investors piled back into carry trades. The yen is used for funding investment in high yielding currencies such as the US dollar. The low interest rate of 0.5 percent is much lower than the US Fed rate of 5.25 percent, and the BOJ is set to keep the rate unchanged in its next meeting. The current low level of the yen was last seen in December 2002, when the dollar had risen as high as 125.70 yen.

- Standard Chartered Bank



PHOTO: TRANSCOM ELECTRONICS

Transcom Electronics Ltd gave away prizes among the winners of Grameenphone-Philips ICC World Cup quiz at a function recently. Jafarul Alam Khan, national sales manager, and Iqbal Atahar Khan, manager (Retail) of the company, among others, were present at the prize giving ceremony.

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