US farm bill faces Bush veto

AFP, *Washington*

A massive US farm bill packed with consequences for global trade is moving through the Democratic-controlled Congress in the face of a veto threat by President George W. Bush.

The House of Representatives is poised to vote on the multibillion-dollar five-year plan that provides the safety net for farmers and ranchers, governing the amount of subsidies and aid available and a raft of other provisions, such as nutrition and conservation programs.

Bush's Republican administration has been threatening to veto the legislation, partly over what it says are high subsidies, a major stumbling block in the Doha Round of global trade negotiations.

Some observers suggest the threat may be difficult to deliver on, considering the already heated political maneuvering for the 2008 presidential race.

Still, the veto threat was renewed Wednesday after a House panel signaled it wanted to raise taxes on some foreign-owned companies with US subsidiaries in order to partly fund government nutrition programs.

The proposed tax hikes, anathema to Republicans, drew blistering fire.

"I find it unacceptable to raise taxes to pay for a farm bill that contains virtually no reform," Agriculture Secretary Mike Johanns said.

"Myself and the president's entire team of senior advisers will recommend that he veto this bill if it is adopted in its current form. We are unanimous on this point."

The estimated 286-billion-dollar measure was approved last week by the House Agriculture Committee after wrangling to get bipartisan support.

Agriculture Committee chairman Collin Peterson said the bill delivers "significant reform" and strikes "the balance necessary" to ensure that farmers' "safety net is still strong and secure."

The pressure is on to approve the 2007-2012 measure as the current bill expires on September 30, the end of the government's fiscal year.

The bill was taken up by the House late Thursday, but it was not clear when it would come to a vote. Congress adjourns on August 3 for its summer recess and reconvenes in September.

If approved by the House, the legislation must be reconciled with a Senate counterpart before the measure is presented to the president for signing.

Among the most difficult issues to resolve is farm subsidies, which prompted a revolt among 22 developing countries, stalling the Doha Round of World Trade Organization negotiations.

Under the current farm bill, government subsidies are paid to farmers with incomes of up to 2.5 million dollars per year.

The House bill would cut that cap to one million dollars annually and eliminate limits on some loans.

The Bush administration says the subsidy reduction falls far short. It had sought an income cap of 200,000 dollars, averaged over three years. Republicans argue that the House bill would deprive about 7,000 farmers of subsidies, compared with the 38,000 that would be affected by their proposal.

"The House bill actually takes a step backward, creating farm policy that is less responsive to the free market, and it paints an even larger bull's eye on the backs of American farmers when it comes to international trade," said Johanns.

The Bush administration is under fierce pressure to help unblock the WTO Doha Round, launched in the Qatari capital nearly six years ago and aimed at lowering trade barriers and encouraging development.

Developing nation critics of farm subsidies say they allow developed countries to dump excess production on world markets at an unfairly low cost, depriving many developing and poor countries of strengthening their own farm-sector exports.

The United States and the European Union, also known for lavish farm subsidies, have given a lukewarm response to the latest WTO proposals to cut farm subsidies.

"We would underscore that, while we have indicated that we are prepared to offer more on OTDS (Overall Trade Distorting Support), our ability to make further cuts depends upon securing significant real increases in market access," the US ambassador to the WTO, Peter Allgeier, said Thursday.

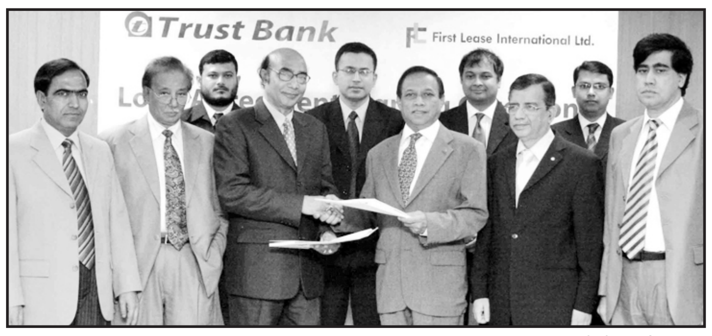

PHOTO: TRUST BANK

Trust Bank Ltd has signed a loan agreement with First Lease International Ltd. In the picture Trust Bank Managing Director Iqbal U Ahmed and CEO of First Lease International Enamul Hoque exchange documents after signing the agreement. Other senior officials from both the sides were present.

PHOTO: GREY WORLDWIDE

The 61st branch of Gallery Apex was opened in Khulna recently. Syed Gias Hussain, deputy managing director of Apex Adelchi Footwear Ltd, inaugurated the branch, while senior officials of the company, among others, were present.

Dubai firm to buy Singapore shipyard

AFP, *Dubai*

A Dubai government firm is set to acquire full ownership of a Singaporean shipyard for around 430 million US dollars, the company said on Thursday.

"Dubai World's global shipyard operator, Dubai Drydocks World... is preparing to exercise its option to aquire 100 percent ownership of... Pan United Marine," the company said in a statement.

Dubai World already owns more than 90 percent of Pan United Marine and will exploit its right to buy the remaining shares through a compulsory acquisition clause, the statement said.

The booming Gulf emirate of Dubai is a member of the seven-strong oil-rich United Arab Emirates.

Dubai World also announced in November last year that it would spend one billion dollars on building new facilities at Cape Town's Victoria and Alfred waterfront in time for the 2010 football World Cup in South Africa.

Apollo Hospitals, Paradise Group sign corporate deal

Apollo Hospitals Dhaka will provide medical services and corporate benefits for the staff of Paradise Group at special rates, says a press release.

Dr Praful B Pawar, director of Medical Services and interim CEO of the hospital, and Md Mosharraf Hossain, chairman of the business group, signed a corporate agreement to this effect on behalf of their sides in Dhaka recently.

Senior officials of the two organisations were present.

PHOTO: BLFCA

Anis A Khan, chairman of Bangladesh Leasing and Finance Companies Association (BLFCA), and Mafizuddin Sarkar, vice chairman, pose for photographs with the chief executive officers and senior officials of different financial institutions at the association's seventh annual general meeting on Wednesday in Dhaka.

US stock market sees further losses

AFP, *New York*

The bruised US stock market saw further losses in early trade Friday as Wall Street mulled the implications of the housing slump and a potential credit crunch that led to a rout a day earlier.

After a mixed opening, the Dow Jones Industrial Average fell 57.63 points (0.43 percent) to 13,415.94 at 1340 GMT, a day after a 300-plus point decline for blue chips in the second worst session of the year.

The tech-heavy Nasdaq composite fell 14.45 points (0.56 percent) to 2,584.89 while the broad-market StandardPoor's 500 index shed 8.26 points (0.56 percent) to 1,447.40.

Wall Street was still licking its wounds from Thursday's massacre amid concern over rising borrowing costs, and also mulled a report showing the economy grew at a better-than-expected 3.4 percent rate in the second quarter.

"The aversion to risk is as strong this morning as it was yesterday," said Hugh Johnson, chairman of Johnson Illington Advisors. "Most buyers are stepping back and just watching the market open. They'll make their decisions on whether to step in and start to buy" later in the day.

Al Goldman at AG Edwards said, however, that the sharp selloff Thursday was the result of "old news -- credit problems, subprime loans, selected earnings disappointments and oil prices."

Goldman said the market "was vulnerable for a correction after its big rally the past three weeks" and said he believed the recovery late in the session Thursday "will pick up steam today."

"Today, ideal action would be a sharp early down, test yesterday's lows at Dow 13,330, hold, then rally. We look for an up session by the close," he said.

Weekly Currency Roundup

July 22-July 26, 2007

Local FX Market
The US dollar/BDT market was liquid and USD became steady against the BDT in the week. The dollar showed little movement against the Bangladeshi Taka.

Money Market
Overnight money market was flat this week. The call money rate was range bound and most of the deals ranged between 6.50-6.75 percent throughout the week.

International FX Market
The week began with the US dollar hitting record lows against the euro and 26 year lows against the sterling. However near end of the week, the dollar recovered on the back of technical corrections.

US dollar
The dollar hit a record low of $1.3852 against the euro and a 26 year low of $2.0655 against the GBP. The weak performance was on the back of concern regarding the US subprime mortgage market. Investors feared that the trouble in the subprime sector could spillover and affect the whole economy and lead to interest rate cuts. However, near the end of the week the dollar recovered against its major rivals after some technical corrections.

Euro
After hitting a record high against the US dollar on Tuesday, the euro lost ground against the dollar, falling more than 3/4 of a percent on Wednesday, posting its biggest daily fall in percentage terms since January.

Yen
The yen gained ground against the US dollar, hitting a 2½ month high against the US dollar. Investors were looking to the US housing data for further clues about the troubled US sub-prime market.

-- Standard Chartered Bank