

US House passes farm bill

AFP, Washington

The US House of Representatives on Friday passed a massive farm bill packed with consequences for global trade, despite a veto threat from President George W. Bush.

The multi-billion dollar five-year package, which passed by 231 votes to 191, offers a safety net for farmers and ranchers, regulates subsidies and aid and includes nutrition and conservation programs.

Democratic House speaker Nancy Pelosi hailed the bill as taking "America's farm policy in a new direction that stands with our farmers and ranchers and recognizes their vital role of providing food, fiber, and fuel for America and the world."

But Bush's Republican administration threatened 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 Republicans, who had been disposed to support the bill, withdrew their backing after Democrats added a tax hike on some foreign-owned companies with US subsidiaries to partly fund government nutrition programs.

Agriculture Secretary Mike Johanns blasted the "11th-hour" adoption late Thursday of the tax hike, saying it unfairly pits farmers

against another sector in the economy.

"We have seen the polarizing impact of developing funding for farm policy under the cloak of secrecy," he said. "It's historic and, I might add, not in a positive way."

Farmers "advocated for new programs, they advocated for new policies, but they never advocated for new taxes," he said.

According to USDA research, he said, only one time was a tax hike included in a farm bill: in the Depression-era 1933 farm adjustment act.

"I can think of no quicker way to threaten the safety net than by asking someone else to pay extra for it," he said.

"Yesterday's action by the majority leadership narrowed support for the Farm Bill, and it lessened its chances for success, and it divided one great industry against another."

The head of the Republican minority in the House, John Boehner, complained that the new bill threatened the jobs of 5.1 million Americans.

"At a time when China, India and Russia are opening their doors to expand their economies and attract investment, these tax hikes send the signal to every potential investor in the global economy that it's not worth the hassle to invest in America," Boehner said.

The measure must now be

reconciled with a Senate counterpart before it is presented to the president for signing.

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 Bush administration says subsidy reductions in the new bill are not sufficient. 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 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.

Every country should benefit from globalisation

Says IMF candidate

AFP, Washington

Former French finance minister Dominique Strauss-Kahn, the European Union choice to lead the International Monetary Fund, said Friday that the IMF should help every country benefit from globalisation.

Strauss-Kahn, who met US Treasury Secretary Henry Paulson here Thursday in a bid to cement his candidacy, told AFP in an interview that the IMF needs to restore its credibility.

The veteran French Socialist politician said the IMF is viewed in some quarters as having been an "instrument" of economic hardship and that it needs to work to change this perception.

Strauss-Kahn, the only candidate declared to date to succeed managing director Rodrigo Rato at the Washington-based institution, spoke en route to a meeting with the president of the World Bank, Robert Zoellick, an American.

Following a flurry of consultations in the US capital, Strauss-Kahn will jet back to Europe and then head to Africa for further meetings aimed at shoring up his candidacy.

"The IMF should help all countries and people to benefit from globalization, not to suffer from it," Strauss-Kahn said.

Asked about possible IMF reform, Strauss-Kahn replied: "Above all, it will be necessary to restore the credibility of the International Monetary Fund. It's been seen as an instrument of economic hardship in many countries."

However, Strauss-Kahn judged it could take some years to overhaul the IMF and burnish its image.

"It's (reform) been addressed in a positive way, but it needs to be thought through more and there's still a lot to do," he said.

Aside from its role in interna-

tional economic and financial crises, the Fund, which is headquartered near the World Bank and the White House in central Washington, has also been criticized for not having a more open selection process for its leader.

Responding to such criticisms, Strauss-Kahn said the process to select the next leader of the IMF should be as open and transparent as possible.

In an unwritten agreement, Europe selects the head of the IMF and the United States chooses the president of the World Bank. Zoellick, who was the sole candidate to head the World Bank, took office earlier this month.

Developing countries have protested for years against the cosy tradition and called for open competitions for both posts.

"The board stated three weeks ago that it had begun an open selection process," the French candidate said, adding "I believe this is absolutely correct."

He said that other potential candidates should not be excluded in running for the post and voiced hope that other candidates would emerge.

"There is no reason why the 'gentlemen's agreement' between the United States and Europe should persist," he said.

"I'm not ruling out that there will be other candidates; so far, no one else has declared himself, but I hope others will emerge," Strauss-Kahn said.

The IMF executive board launched on July 12 its search for a successor to Rato, who announced in late June he was resigning in late October, nearly two years before his term ends.

Three Frenchmen have held the managing director's job for more than 30 of the IMF's 61 years.

Strauss-Kahn said his meetings with US and IMF officials in Washington had gone well this week.

Brazil welcomes WTO cotton ruling

AFP, Brasilia

Brazil welcomed Friday a preliminary World Trade Organisation report on US subsidies to its cotton growers, saying it upheld their complaint that Washington was not abiding by trade rules.

It also threatened to retaliate if the full WTO report, which is due out in October, found the United States had failed to fulfil an earlier order to remove the subsidies.

"Brazil is greatly satisfied by the conclusions made in this report," said Roberto Azevedo, the foreign ministry's deputy secretary for economic affairs.

"We are very satisfied that it takes into consideration Brazil's concern that measures taken by the United States to address the issue are not enough."

Brazil believes its cotton producers are being harmed by US subsidies to its own cotton farmers.

The WTO ruled in 2005 that this aid amounted to illegal subsidies which skewed international trade by undermining global cotton prices, and the United States assured last year that it had ended the program.

However, Brazil believes measures taken by Washington did not go far enough and called for the WTO to investigate.

"If, at the end of the current process, it is decided that the US is not fulfilling its obligations, Brazil reserves the right to carry out reprisals," Azevedo told a press

conference.

In 2005, Brazil asked for the right to impose billions of dollars worth of sanctions on the United States but agreed to wait for a final WTO decision.

According to US government figures, the subsidies excluding federal insurance guarantees for farmers stood at 3.1 billion dollars (2.4 billion euros) for the 2005 crop year, down from 3.7 billion for 2004.

The 3.4 percent second-quarter rate was the strongest since the first quarter of 2006 and slightly ahead of the average Wall Street estimate of 3.2 percent.

Avery Shenfeld, senior economist at CIBC World Markets, said that the US economy is "neither as weak as it looked in the first quarter nor as strong as it appeared in the second quarter.

"If you put the first two quarters together, you're looking at growth

of around two percent, and that's probably what the second half will look like."

"With energy prices high, the housing market reeling and the stock market uncertain, is there really a reason to think growth will accelerate sharply? Where will it come from?" said Joel Naroff of Naroff Economic Advisors. "I don't see it, even if the Fed does."

The higher growth rate came from an improving global trade picture, including higher exports, while consumer spending cooled.

Exports grew 6.4 percent while imports fell 2.6 percent, amid sharp declines in the US dollar.

Consumer spending, which accounts for two-thirds of economic activity, remained a driver of the expansion, but was a lesser factor. Spending increased just 1.3 percent, the weakest since late 2005, compared with 3.7 percent in the first quarter.

The housing slowdown was much less of a drag on the economy in the second quarter, as real residential fixed investment fell 9.3 percent, not as steep as the 16.3 percent drop in the first quarter.

"The big risk now is what kind of impact we have from housing in the second half of this year," noted Drew Matus, economist at Lehman Brothers.

"Clearly the risks are that we get weaker housing than we were expecting ... we're still on shaky ground in terms of growth of the US economy, but we're not in danger of stalling."

Inflation figures were mixed. The personal consumption expenditure (PCE) price index, linked to GDP, showed a 4.3 percent pace of increase.

But the "core" rate of inflation, preferred by the Federal Reserve, rose 1.4 percent in the second quarter, down sharply from the 2.4 percent rise in the prior quarter and the slowest pace since the second quarter of 2003.

Qatar Airways launches flight from Doha to Washington

Qatar Airways has recently launched its first flight to Washington DC from Doha as the airline unveiled its expansion plans across the USA, says a press release.

Earlier on June 26, the carrier began scheduled services from Doha to New York via Geneva, the airline's newest European destination.

The airline, currently in its 10th year of operations, flies to 78 destinations across Europe, Middle East, Africa, Indian subcontinent, Far East and America with a fleet of 58 all-Airbus aircraft.

Addressing a press conference in Washington DC, Akbar Al Baker, chief executive officer of Qatar Airways, said the airline plans to continue its growth strategy by pressing for additional rights to fly to the US. Michael G Whitaker, senior vice president alliances, International and Regulatory Affairs for United Airlines, was also present at the press meet.



Akbar Al Baker (L), chief executive officer of Qatar Airways, speaks at a press conference organised in the US capital to mark the launch of the airline's Doha-Washington DC flight recently. Michael G Whitaker, senior vice president alliances, International and Regulatory Affairs for United Airlines, is also seen.



PHOTO: Grameenphone
Grameenphone (GP) Ltd and Square Hospitals Ltd have recently entered into an agreement under which the hospital has become a 'thankyou' partner of the mobile phone operator, and hence selected GP subscribers will get medical services from the hospital at special rates. Riaz M Zaman, additional general manager (Brands) of Grameenphone, and Md Amer Wahed, associate director (Medical Services) of Square Hospitals, signed the deal, while other senior officials from both the sides were present.

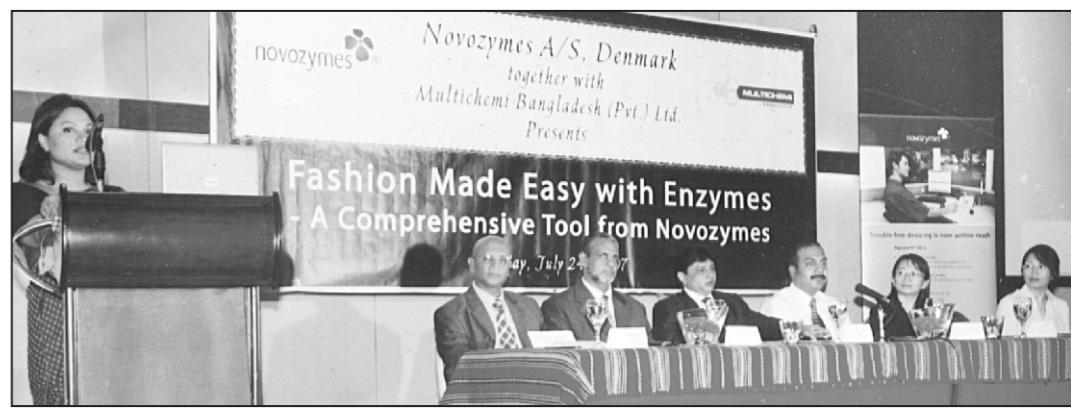


PHOTO: MULTICHEM BANGLADESH
Multichem Bangladesh (Pvt) Ltd, a Sri Lanka-based multinational company, and Novozymes, a Danish enzyme producing company, organised a seminar on Tuesday in Dhaka on the theme 'Fashion Made Easy with Enzymes-A Comprehensive Tool from Novozymes'. The seminar focused on various uses of enzymatic products in fabrics at Bangladesh's garment washing factories. Senior officials of the companies, among others, were present.

US growth jumps to 3.4pc, but economists still cautious

AFP, Washington

The US economy ramped up to a 3.4 percent growth rate in the second quarter, the government said Friday, but analysts said the pace may not be sustained over the rest of the year.

In the first estimate of gross domestic product (GDP) for the period, the Commerce Department said growth picked up after a tepid 0.6 percent rate, revised downward from 0.7 percent, in the first quarter for the world's biggest economy.

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