

EC to set guidelines for ERM

PARIS, Oct 2: Like the dazed survivors of a hurricane, finance ministers and central bankers are in a state of shock after living through the speculative whirlwind that all but blew away Europe's exchange rate mechanism, says Reuter.

Shifting through the wreckage left by Britain's and Italy's forced withdrawal from the currency grid, European Community finance ministers on Monday held an inquiry into the disaster.

EC leaders will set the guidelines for the post-mortem when they meet in Birmingham on October 16.

But short of draconian steps such as the reimposition of capital controls, economists see little that policy makers will be able to do to dam the huge flows of money that overwhelmed sterling and the lira and almost swept away the French franc.

This is the first ERM crisis under free capital movements. And the past fortnight's events have shown that compared to the volume of foreign trading that now occurs, the fire power of European monetary system central banks is chaff in the wind. Economists at Credit Suisse First Boston (CSFB) wrote this week.

Bundesbank President Helmut Schlesinger, in an interview in French business magazine L'Expansion, noted that the 24 billion marks that it printed in a week to defend the lira dwarfed the volume of new money that the central bank has to create each year to

meet the German economy's cash needs.

"It's an order of magnitude that nobody seems to grasp," Schlesinger said.

And yet the Bundesbank's intervention, which it later stepped up to defend sterling and the franc, pales beside the estimated one trillion dollar traded daily in world currency markets.

Not only has trading continued to grow, but it has changed in nature with a vast increase in currency hedging operations by international institutions amid the recent growth in New York of powerful, speculatively driven currency funds.

These funds can gamble billions of dollars at a time and are thought to have made big profits from sterling's demise.

The need to understand more about the new breed of market participants that lies behind the securities ordered by the EC and, two weeks earlier, by US Treasury Secretary Nicholas Brady.

It would be irresponsible to say "ok, it's over, let's forget what happened," we must know how to learn the lessons of a historical event," said French Finance Minister Michel Sautin.

After analysing another historical event, the October 1987 stock market crash, US policy makers leaned in computer-driven share trading that they blamed for exacerbating the decline.

But in the case of currencies, it seems to be the sheer

volume of money that changes hands rather than options and futures that pose the problems for central banks if they cannot devise sound, compatible economic policies to keep their exchange rates steady, what other tactics could policy makers take to tame the currency markets?

— Some academics have proposed a tax on currency deals not related to underlying commercial transactions.

— Regulators could presumably reduce the average of speculative funds by making it harder to get access to credit.

— Currency controls could be imposed or tightened.

Spain, Portugal and Ireland have resorted to controls to shelter from the ERM storm, but the cost has been high.

In Spain, for instance, bonds and stocks have fallen sharply as foreign investors have taken flight and it could take Madrid years to regain their trust.

Spain has also shown sup-

port for the approach taken by British Prime Minister John Major, who wants an overhaul of the ERM to require more intervention by strong countries.

Luis Linde, Director-General of the Bank of Spain's International Department, called Friday for a review of EMS mechanism to counter speculative capital flows.

In short order these mechanisms can bring loss of reserves in the country of the weak currency and liquidity explosions in the strong one that can become unsupportable," Linde said.

But CSFB economists said that under a regime of free capital movements, a crisis can flare up so quickly that the reserves of a weak country are quickly exchanged. Hence the strong country is never even called on to conduct unlimited intervention.

"No amount of tinkering with the rules will change this it's just a fact of life which no amount of railing by UK politicians will change," they said in a report.

Albert Bressand, Managing Director of the Paris think tank Prôme Thee agreed that EC leaders should realise that the weapons they have to counter massive capital flows are puny.

"The only thing they have is the equivalent of nuclear discussion — a full monetary union," Bressand said.

France and Germany, Bressand said, should waste no time in causing the mark and the franc.



WASHINGTON: US Sen John Kerry, D-Mass, addressing reporters October 1 here about the release of the Senate Foreign Relations sub-committee on terrorism's report on the Bank of Credit and Commerce International's (BCCI) illegal financial dealings. BCCI officials were indicted in 1991 amid allegations of fraud, money laundering for drug dealers and support of terrorists.

BRIEFS

Senate backs Bush over veto on China

WASHINGTON, Oct 2: The Senate sustained President Bush's veto of a bill placing conditions next year on renewal of China's favourable trade status with the United States. The House voted overwhelmingly Wednesday to override but two-thirds votes in both Houses are needed to defeat a veto, reports Reuter.

Air France to cut another 15000 jobs

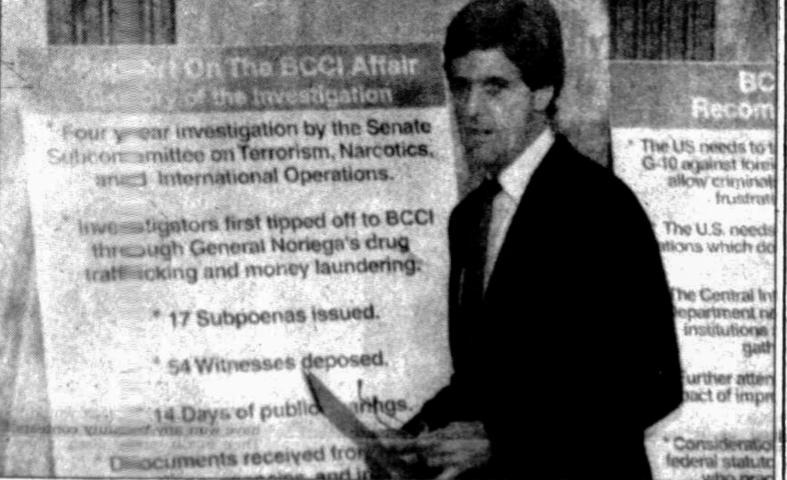
PARIS, Oct 2: The Air France group is to shed an additional 15,000 jobs in 1993, the company said on Thursday when they announced a consolidated interim loss of 1.5 billion franc. They said this additional job cut was part of a draft plan to achieve repeatable annual savings of three billion franc (about 600 million dollar) by the end of 1994, reports AFP.

Myanmar to privatise palm plantations

YANGON, Oct 2: The Myanmar farms enterprise under the Ministry of Agriculture will sell some of its oil palm plantations to private entrepreneurs, according to an official report here today, reports Xinhua.

Iran to replace older oil tankers

CAIRO, Oct 2: Iran said Tuesday that it will replace its older oil tankers with new ones over the next five years, according to reports reaching here. Mohammad Suri, head of the National Iranian Tanker Company, said Iran has a fleet of 29 oil tankers, with a total capacity of 5.6 million tons. But he did not say how many tankers would be replaced, nor did he mention cost estimates, reports Xinhua.



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Seoul tightens control on foreign labour

SEOUL, Oct 2: The government has tightened its control on the employment of foreign workers in an effort to curb foreign crime, officials said Thursday, reports AP.

The Ministry of Trade and Industry said it has recently issued a directive that requires firms offering training to foreigners to provide guidance on South Korean customs and crime prevention.

Most foreign workers are employed in South Korea as trainees because local regulations forbid the direct employment of foreigners due to strong resistance by domestic labour unions and fears of negative social side effects.

But hundreds of thousands of foreign workers are currently employed by South Korean companies illegally, staying over the duration of their training programme.

Illegal foreign workers are viewed as causing an increase in crime and social problems because authorities cannot easily trace them.

Ministry officials said companies that violate the new directive will be prohibited from offering training programmes to foreigners.

Under the directive, firms must also ensure the return of the trainees to their home countries after the programme is over.

South Korea's high wages, which rank second in Asia after Japan, attract many illegal workers from Pakistan, Bangladesh, the Philippines and other Southeast Asia.

Compensation plan of BCCI gets 93 pc approval

LONDON, Oct 2: A worldwide ballot of creditors of the Bank of Credit and Commerce International (BCCI) showed 93 per cent acceptance for a compensation plan said liquidators Touche Ross, reports Reuter.

The Luxembourg courts asked the liquidators to poll creditors on the plan, which is backed by the collapsed bank's majority shareholders, Abu Dhabi, and the liquidators.

The poll showed 93.13 per cent of creditors approved a plan to pool the assets of Luxembourg-based BCCI Sa and Cayman Islands-based BCCI overseas.

Some 93.69 per cent were in favour of a cash contribution by Abu Dhabi to compensate creditors.

\$1.2b securities scandal

Stanchart traced irregularities in Indian operations 18 months back

BOMBAY, Oct 2: Standard Chartered Bank knew of possible irregularities in its Indian operations 18 months before the exposure of a 1.2 billion dollar securities scandal in India, a senior bank official said, reports Reuter.

But Burry Northrop, the British-based international banking group's special representative for India, said the bank's senior managers believed the problems had been put right after an internal investigation.

"We now know that was not the case," Northrop told Reuters.

Standard Chartered has made provisions for possible losses in India's worst financial scandal.

An internal report on Standard Chartered's Merchant Banking Division (MBD) in Bombay, written in 1990, said the MBD had "aggressively pursued business for the group's benefit and deliberately or mistakenly circumvented proper avenues of control."

"This may lead to short-term profit, it may even be true. But it is probably recipe for eventual loss — and possibly action that could affect the bank as a whole and not just the MBD," said the report prophetically.

Northrop said the report was given confidentially to a parliamentary committee probing the scandal involving at least four foreign banks in Bombay, Indian brokers and commercial banks. At least 30 Indian brokers, bankers and businessmen have been arrested, accused of helping to siphon off money from the inter-bank securities market to invest in the stock market and pump up share prices artificially.

The reserve bank of India (RBI), says the Bombay branches of Citicorp's Citibank NA and Bank American Corp's Bank of America not a subsidiary (BACN) "badly violated" its guidelines while operating in the inter-bank securities market.

Both banks have denied any wrong-doing.

Northrop said that following the internal investigation the

bank had acted to tighten up its procedures to operate within RBI guidelines, although it was now apparent that this had not worked.

He said the bank was cooperating with those investigating the scandal "very openly and honestly."

He was shocked by what he termed the "scurrilous" nature of press reports about an unsecured loan provided by the bank to India's Attorney-General K Ramaswamy. Some newspaper have demanded Ramaswamy's resignation. Northrop said the 1.3 million rupee loan was perfectly legitimate.

After being questioned by the parliamentary committee in New Delhi, Standard Chartered gave it confidential documents detailing overseas accounts of some leading stock brokers and businessmen held with the bank. Investigators hope to track where cash missing in the scandal went to and will ask other banks to provide similar details.

Shipping Intelligence

CHITTAGONG PORT

Berth Position and Performance of Vessels as on 01.10.92

Berth No.	Name of vessels	Cargo	L. Port	Local Agent	Date of Arrival	Leaving
J/1	Commandant		France		28/9	01/10
J/2	Alam Tenaga	Wheat	Malt	Dynamic	17/9	04/10
J/3	Uniforce	M Seeds	P Said	MSA	25/9	02/10
J/4	Kurnia Sejati	GI	Cigud	MBL	28/9	03/10
J/5	Mowlavi	GI/GL	Mong	SSL	30/9	07/10
J/6	New Genlord	Cont	Stng	BDSHP	25/9	02/10
J/7	Irtstang Harapan	GI	Hong	Prog	24/9	03/10
J/8	I Yambureng	Cont	Stng	CT	27/9	03/10
J/9	Jiang Cheng	GI/GL	S Hai	BDSHP	21/9	04/10
J/10	Konsomolets					
J/11	Adzhari	Cement	Aqaba	PSAL	25/9	07/10
J/12	Al Tabith	Urea		KSL	R/A	02/10
J/13	Caravos Explorer	Wheat	Sing	Alamin	16/9	04/10
J/14	Kota Buana	Cont	Sing	CTS	26/9	02/10
MPB/1	NGS Ranger	Cont	Sing	BDSHP	25/9	03/10
MPB/2	Fong Yun	Cont	Hald	BDSHP	26/9	01/10
GSJ	Avon Delta	Wheat	Sing	Aqua	25/9	01/10
RM/3	Mechanik					
RM/4	Garovnik	CDSO	Grand	Athens	24/9	01/10
RM/5	Yao Sheng	Cement	Sing	Bright	17/8	04/10
DDJ	Banglar Jyoti	Cement	T Park	USTC	25/9	01/10
DDJ/1	Endurance Sea	Repair	Aqaba	EOSL	25/1	05/10
RM/8	Pridurovask	Cement	Sing	ISC	R/A	05/10
RM/9	Banglar Asha	Repair		ISC	R/A	05/10
CLJ	Dong Eaidig	Urea	Cal	Seacom	28/9	05/10

VESSELS DUE AT OUTER ANCHORAGE

Name of Vessels	Date of Arrival	Last Port	Local Agent	Cargo	Loading Port
Three Sisters	01/92	Aqaba	SSST	R Phos	
Androm Ache	01/92	Sing	RSL	Cont	Col
Northern Dancer	01/92		Unimarine		
Pacific Timur	04/92	V Pala	OTL	Logs	Male
Erikavann	02/92	Porba	SW	C Cliniker	
Safina-E-Najam	05/92	Kara	ASL	C Cliniker	
Ronjaya Choomie	04/92	Sing	PSAL	Cement	
Ronald	04/92		UMAL	C Cliniker	
Banglar Kakoli	04/92	Mong	ISC	GI	
Ever Cheer	03/92	Sing	BDSHP	Cont	Sing
Tanjung Pinang	04/92	Sing	IBA	GI	
Ocean Voyager	03/92		AMEL	Cement	Cig
Optima	04/92	Col	RSL	Cont	Sing
Chandias	05/92		SSL	E/L	Cont
Johanna-K	07/92	N Oric	Alamin	Wheat	
Andrian Goncharov	05/92	Sing	CT	Cont	Sing
Olga-1	07/92	Jedd	ENCL	Cement	Cig
Bakt Navigator	08/92	Sikka	ENCL	Cement	
Amal	08/92		EBPL	GI	FE ST
Kamaleverett	08/92	Col	RSL	Cont	Sing
Ingenuity	08/92		PSAL	TSP	
Nikoula	08/92	Col	SSL	GI/GL	Japa
Vishva Mamta	09/92	Cal	RSL	Cont	Col
Ahler Broeze	10/92	Sing	CT	Cont	Sing
Knud Jespersen	10/92	Sing	CT	Cont	Sing
Al Salma	10/92		ASL	GI	
Robert-E-Lee	10/92		Karna	GI	New York
Banglar Urmi	12/92	Col	ISC	GI/GL	UK Cont
Catleya	12/92		Prog	GI	
Safar	12/92		ASL	GI/GL	Cal
Sea Glory	12/92		Pana	Cement	
Kiso Maru	12/92		SSPA	GI	
Shenon	13/92	Sing	Ommi	Cont	Sing
Lycyverett	14/92		EBPL	GI	Japa
Mallowverett	18/92		EBPL	GI	
Gold Horizon	19/92		AML	GI	Mom Mapu
Mistral	01/92	P Said	OTL	Scrapping	

TANKER DUE

Chopin	02/92	S Lorc	Royal	CDSO
Ayan	03/92	Col	CT	Oil
Esso Bayonne	04/92	Sing	MSPIL	HSD/JP-1

VESSELS AT KUTUBDIA

T T Energy	C Oil	Col	Nil	27/4
Kashee	C Oil	Rast	DSL	29/9
Banglar Shourabh	C Oil		ISC	R/A

VESSELS AT OUTER ANCHORAGE: READY ON

Artemis-1	Cement		Bright	R/A
Bervalla	Cont	Sing	RSL	29/9
NGS Express	Cont	Sing	BDSHP	30/9
Fong Shih	Cont	Sing	BDSHP	30/9

VESSELS NOT READY

Shong Chon Gang	Cement	Nampo	Sunshine	25/9
S E Haider	GI	Kara	ASL	R/A

VESSELS NOT ENTERING

Jong Pyong	Scrapping	Mong	OSA	23/9
Mehrdini		Col	BSL	
Kymikosee	Scrapping	Tema	OMA	29/9

MOVEMENT OF VESSELS FOR 01.10.92:

OUTGOING	INCOMING	SHIFTING
J/3 Uniforce	DOJ/B-Jyoti-6.8	J/10 Kom Adhart-8.0
J/4 K Sejt	J/B Andromache-7.1	
J/6 New Genlord	J/11 Fong Shih-7.0	
J/11 AL Tabit 7.5	COJ/Erika Vanf 8.0	
J/B Kota Buana 6.8		
DOJ B-Shourabh-4.0		
RM-SPRD Rvovsk 6.8		
COJ-Dong Shing-6.0		

The above were the Thursday's shipping position and performance of vessels of Chittagong Port as per berthing sheet of CPA supplied by HRC GROUP, Dhaka.

Exchange Rates

The following are the Commercial Bank's BC selling and TT (C), OD transfer buying rates for some selected foreign currencies effective on October 2 and 3.

(Figures in Taka)

Currency	Selling B.C.	T. T. (C)	Buying OD Transfers
US Dollar	39.1326	38.9087	38.6339
Poundsterling	69.8064	69.4650	69.0669
DM	27.7379	27.5596	27.3650
FF	8.2005	8.1450	8.0675
S Riyal	10.4641	10.4042	10.3307
D Quaiders	24.6318	24.4755	24.3026
S Kroner	7.3975	7.3413	7.2894
Singapore Dollar	24.6427	24.5017	24.3286
UAE Dirham	10.6911	10.6299	10.5548
Kuwait Dinar	135.2188	134.4451	133.4956
Indian Rupee (AMU)	1.5104	1.5036	1.4961
Pak Rupee (AMU)	1.5554	1.5482	1.5405

Authorized dealers will apply T T clean buying rate for purchase of remittances of Bangladeshis working abroad. Note: AMU—Asian Monetary Unit.

Dhaka Stock Prices

Weekly review: At the close of tradings on September 24 and October 1, 1992

Company	FV/ML*	September 24		October 01		High	Low
		Taka	Taka	Taka	Taka		
BANKS (10)							
AL Banka Bank	1000/1	850.00	860.00	1200.00	760.00		
A.B Bank	100/5	183.67	185.00	215.00	155.00		
City Bank	100/5	305.50	280.00	305.00	172.00		
I.F.I.C.	100/5	153.00	152.00	200.00	180.00		
Islamic Bank	1000/1	1400.00	1400.00	1900.00	1190.00		
National Bank	100/5	106.00	106.00	122.50	102.00		
Pubali Bank	100/5	100.00	100.00	110.00	89.00		
Rupali Bank	100/10	75.00	75.00	110.00	68.00		
U.C.B.L.	100/5	122.00	122.00	131.00	118.00		
Utara Bank	100/5	115.00	115.00	200.00	115.00		
INVESTMENT (06)							
ICB	100/5	103.00	103.00	100.00	79.00		
1st ICB M.Fund	100/5	400.00	400.00	414.00	330.00		
2nd ICB Fund	100/5	184.00	184.00	220.00	148.00		
3rd ICB M. Fund	100/5	141.00	144.48	195.00	124.00		
4th ICB M. Fund	100/10	140.00	140.67	170.00	120.00		
5th ICB M. Fund	100/10	96.00	95.31	128.50	85.00		
6th ICB M. Fund	100/10	61.00	61.00	93.00	56.00		
Unit Certificate							
Sales Price		112.00	112.00				
Re-purchase		107.00	107.00				
INSURANCE (04)							
BIC	100/10	144.00	138.50	178.00	104.50		
Green Delta	100/10	142.00	138.50	165.00	106.00		
Peoples	100/10	146.00	146.00	168.00	120.00		
United	100/10	152.00	151.00	182.00	116.50		
ENGINEERING (10)							
Afab Automobiles	100/5	202.00	197.00	280.00	180.00		
Atlas Bangladesh	10/50	49.50	49.00	67.00	30.00		
Aziz Pipes	100/5	270.00	250.00	330.00	218.00		
Bangladesh Autocars	100/5	76.00	74.50	123.00	65.00		
Bangladesh Lamp	100/10	255.00	255.00	315.00	225.00		
B.Thal Alumintham	100/10	79.99	78.08	143.00	70.00		
Bengal Carbide	100/5	280.00	260.00	316.00	220.00		
Bengal Steel	10/50	18.00	20.00	18.00	18.00		
Eastern PVC	100/5	80.00	77.00	116.00	75.00		
Howlader Cable	100/10	98.00	97.00	125.00	80.00		
Karim Pipe	100/5	118.00	115.00	212.00	112.00		
Metalex Corp.	100/5	75.00	75.00	153.07	75.00		
Monno Staffers	100/						