

Lanka seen as prospective investment place

RBI planning new step to earn greater returns

NEW DELHI, Mar 9: India's central bank is planning to offer some of its swelling foreign exchange reserves for management by leading international banks and financial companies, the Economic Times reported yesterday, reports AFP.

The reported move comes at a time when the Reserve Bank of India's reserves, excluding gold, have reached a record 13.8 billion dollars, boosted by fast-growing exports, foreign investment flows and remittances.

Bank authorities have held talks with merchant banker J P Morgan and US and Swiss banks for "suitable deployment" of a part of the reserves abroad to earn greater returns, the Economic Times said, citing unnamed official sources.

The RBI has traditionally used its reserves for investment in short-term domestic securities, but such transactions are not shown on its balance sheet.

It is the first time the bank has contemplated deploying funds abroad for profit.

India's foreign currency reserves shot up from 6.4 billion dollars at the start of the current financial year, which ends March 31, to 13 billion dollars on February 28, the day the government

disclosed its latest budget.

The reserves have since grown a further 800 million dollars, and are expected to rise steadily as a result of anticipated foreign institutional investment in the stock market and offers of Indian corporate equity abroad.

The healthy position enabled the government to make the rupee convertible on the current account in the budget, easing access to foreign exchange for business transactions and overseas travel, education and medical treatment.

Another report from Colombo says: Indian businessmen consider Sri Lanka — despite its ongoing separatist war — a better investment prospect than Vietnam, which is also competing for foreign capital, a visiting trade team said.

Delegates from the influential Indian Confederation of Industry (CII) said they were now able to consider investing abroad because of economic reforms initiated in India three years ago.

"Indian businessmen are now more outward looking because of the reforms. They realise they have strengths in textiles and manpower related fields which could be put to use outside India," Sri Lanka President J. R. Jayewardene said. He said the group was

planning to set up CII offices in Singapore to take care of southeast Asia and Tashkent to cover central Asian republics and take Indian businesses abroad.

The easing of foreign exchange regulations and Colombo's market reforms in the past 17 years has made Sri Lanka more attractive than Vietnam to Indian investors, Godrej said at the end of their visit over the weekend.

"Vietnam has no good bank. The ports are congested. They are beginning to open up now. I would think there would be no competition between Sri Lanka and Vietnam."

"Similarly, both countries have a very high rate of literacy. But in Sri Lanka the language of business is English and the close proximity to India makes this place more attractive to us," Godrej said.

Another member of the Indian delegation, V. L. Dutt, who has been involved in the sugar trade in Vietnam said the infrastructure and the legal system in the southeast Asian nation was "very rudimentary."

However, he said Vietnam had a huge domestic market that could be a plus for potential investors.

Sri Lanka with its population of 17 million people did not have a market for potential investors.

Nissan to cut production at Tokyo plant

TOKYO, Mar 9: Nissan Motor Co., Japan's second-largest automaker, said Wednesday it will cut production of passenger cars at its Tokyo factory because of declining sales in the domestic market, reports AP.

It was only the latest announcement in a series of cut-back measures by Japanese companies to cope with the nation's lingering recession.

Starting next month, Nissan's monthly production of the Skyline model introduced in August will be reduced to 5,000 from the current 12,000 by eliminating a night shift on one of three production lines at its Musashi-Murayama plant, said Nissan spokeswoman Keiki Tanaka.

Automobile sales in Japan have dropped in the past few years because of a lingering economic slump. Analysts say other major Japanese automakers are likely to follow Nissan's moves.

Nissan's latest effort to reduce inventory will continue indefinitely until the demand for Skyline picks up again, Tanaka said.

None of the factory's 3,200 workers will lose their jobs because of the measure, but they will have to take an additional week off between April and September, she said.

The factory's other production lines for two other passenger car models, Cefiro and Laurel, have also reduced production since last year.

US penalises Thai firms for trading with Libya

WASHINGTON, Mar 9: The State Department has imposed sanctions on three Thai companies for allegedly selling to Libya raw materials for chemical weapons, reports USIS.

The US federal government will procure no goods and allow no US imports of goods from the three companies for at least a year from February 8, 1994, according to a March 7 Federal register notice.

The three companies were identified as W & M Limited partnership (also known as W & M Engineering, the Wintrade Company and the Winman Company); SPC Supachoke (also known as Super Trade) and The Handle Group Company.

A US government official who asked not to be identified said the sanctions will have negligible effect because the United States has imported little or nothing from the three

companies in the past. He emphasized that the sanctions do not apply to the government of Thailand, which he said ties to control proliferation of goods that could be used in weapons of mass destruction but faces difficult enforcement problems.

Neither the Federal Register nor the official would identify the chemicals allegedly sold to Libya. The official said the sales occurred over some years.

He said the case illustrates the difficulty Libya has acquiring such products from major chemical-producing countries; most of them are members of the Australia Group, which controls exports of products that could be used to produce chemical and biological weapons.

A minor producer of chemicals, Thailand is not a member of the Australia Group.

Exchange Rates

The following are the Sonali Bank's dealing rates to public for some selected foreign currencies effective as on Mar 9. (Figures in Taka)

Currency	TT & OD	Selling	EC	TT	Buying	OD
				Clean	Ex Sight	Transfer
US Dollar	40.1810	40.2110	39.9805	39.8960	39.7710	
Pound Sterling	59.8697	59.9144	59.0845	58.9596	58.7749	
DM	23.5958	23.6135	23.2377	23.1886	23.1159	
F Franc	6.9420	6.9473	6.8363	6.8219	6.8005	
C Dollar	29.8396	29.8619	29.3736	29.3115	29.2197	
S Franc	28.1211	28.1421	27.6831	27.6246	27.5380	
Jap Yen	0.3857	0.3860	0.3759	0.3751	0.3739	
Indian Rupee (AMU)	1.2844	1.2883	1.2741	1.2583		
Pak Rupee (AMU)	1.3178	1.3218	1.3072	1.2910		
Iranian Rial (AMU)	0.0231	0.0231	0.0229	0.0226		

A) T. T. (DOC) US Dollar Spot Buying Tk 39.9382
B) Usance Rates:
30 Days DA 60 Days DA 90 Days DA 120 Days DA 180 Days DA
39.6312 39.3480 39.0648 38.7816 38.2152
C) US Dollar sight export bill 3 months forward purchase: Tk 39.8960
D) US Dollar 3 months forward sale: Tk 40.6110

Currency	Selling	Buying
	T.T. & O.D.	O.D. Transfer
S Riyal	10.7158	10.6050
UAE Dirham	10.9425	10.8294
Kuwait Dinar	134.7451	133.1470
Singapore Dollar	25.3828	25.1080
D Guilders	20.8278	20.6099
S Kroner	5.0316	4.9771
Malaysian Ringgit	14.7887	14.6325

Note: AMU—Asian Monetary Union

Shipping Intelligence

Chittagong Port

Berth position and performance of vessels as on 9/3/94

Berth	No Name of Vessels	Cargo	Last Port	Local	Date of Leaving
				Call Agent	Arrival
J/1	Tahalia	GI	Const	OTL	26/2 12/3
J/2	Banglar Urmi	GI/CL	Col	ISC	5/3 9/3
J/4	Sukarawan Naree	D Peas	Sing	Litmond	1/3 10/3
J/5	Dorianne	Wheat (P)	Hald	MBL	27/2 10/3
J/6	Gold Finch	MOP (P)	UKRA	MSA	4/2 9/3
J/9	Continant-1	GI	Kala	GA	4/3 11/3
J/10	Dolores	Idle	Seacom	R/A	15/3
J/13	Kota Buana	Cont	Sing	RSL	8/3 11/3
CGJ	Alexander Peredery Gipsum	Visa	Seacom	26/2 11/3	
TSP	Sea Nymph	Cement	Visa	PSAL	19/2 11/3
RM/3	Ocean Meg	CPL	P Kela	Seacom	6/3 9/3
RM/4	Tanary Star	Cement	Tuti	USC	20/2 12/3
RM/6	Tanja Jacob	HSO	Sing	MSPL	8/3 10/3
DDJ	Banglar Shourab	C Oil	—	ISC	R/A 12/3
DD	Loyal Bird	Repair	Mong	Seacom	15/11 15/3
DDJ/1	Banglar Asha	Repair	—	ISC	R/A 12/3
DDJ/2	Lolasti	Cement	Tuti	Litmond	1/1 15/3
RM/9	Ronlay Victory	Cement	Visa	USC	7/1 11/3

Vessels due at outer anchorage

Name of Vessels	Date of Last Port	Local	Cargo	Loading
	Arrival	Call Agent		Port
Zang San	9/3	Tuti	Delmure	Cement
Fong Yun 27/2	10/3	Sing	BDSHP	Cont
Amazonia	10/3	—	TSI	Scraping
Archadia-1	10/3	—	CSL	C Clinker
Banglar Baani	11/3	Mong	ISC	GL
Meng Kiat 5/3	11/3	Cal	AML	Cont
Eponyma 3/3	12/3	Sing	CTS	Cont
China Star	12/3	Sing	BFA	GI
Sils	12/3	P Land	Royal	D C Peas
Lamda	13/3	Niko	Cosmo	MOP (P)
Banglar Robi 5/3	14/3	Mong	ISC	Cont
Ultima 5/3	15/3	Col	BTSA	Cont
Ivyevrett	15/3	—	EBPL	GI
Visvha Bandhan	16/3	—	SSL	GI
Green Island	16/3	—	Karma	GI (Lash)
Peng Ming	16/3	—	OTL	Cement
Imke Wehr 7/3	16/3	Sing	APL (B)	Cont
Meng Lee 5/3	17/3	Sing	AML	Cont
Banglar Moni 7/3	17/3	Sing	BSC	Cont
Marichristina	18/3	—	JF	Scraping
I Yamburenko 7/3	18/3	Sing	CT	Cont
Infinity 8/3	18/3	—	RSL	Cont
Karabievrett	20/3	—	EBPL	GI
Andrian Goncharov 7/3 22/3	22/3	Sing	CT	Cont
Astro Tyotin (Roro) 26/22/3	—	—	JF	Vehicle

Tanker Due

Iva Chavchavadze	21/3	—	CT	L Oil
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Vessels at Kutubdia

Name of Vessels	Cargo	Last Port	Local	Date of Arrival
			Call Agent	

Vessels Ready

Lanka Mahapala	Cont	Col	Baridhi	8/3
Antares	CPO	P Kela	Royal	8/3

Vessels not Ready

Salem Nine	SSP	—	MSA	R/A
Myohyang-2	Cement	Sing	PSAL	3/3
Trainer	Cement	Sing	Bright	7/3
Mytichi	Cement	Sing	PSAL	3/3

Vessels Awaiting Instruction

Banglar Jyoti	—	—	ISC	R/A
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Vessels not Entering

Sea Sprite	Scraping	Sing	JF	27/2
Tina-V	Cement	Lian	Eastwest	5/3
Akademik Semenov (HSD IP)	Sing	—	GCCL	27/12
Mirsini	Cement	Yant	PSAL	6/3

Movement of Vessels for 10-3-94

Outgoing	Incoming	Shifting
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Sea Sprite	Scraping	Sing	JF	27/2
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The above were the Wednesday's shipping position and performance of vessels of Chittagong Port as per berthing sheet of CPA supplied by HRC Group, Dhaka.

WB threatens to pull out of donors' meet for Solomon Islands

JAKARTA, Mar 9: The World Bank has threatened to pull out of a donors' meeting for the Solomon Islands because of what it says is a recent doubling of the territory's timber output, bank sources said yesterday here.

In a report obtained by Reuters, the bank said despite its declared interest in reforming the islands' dominant logging industry, the government had in the past six months doubled its timber output to four times the sustainable level.

"It now appears the cut has in fact risen (since last September) partly due to the fact that 15 new licences have been issued to land-owner groups... for short-term political reasons," a bank memorandum said.

Officials in the Solomon Islands, 5,600 KM (3,000 miles) east of Jakarta, were not immediately available for comment.

Taiwan's forex reserves fall

TAIPEI, Mar 9: Taiwan's foreign exchange reserves stood at 86.16 billion US dollars at the end of February, the Central Bank of China (CBC) said today, reports AFP.

The February reserves, one of the highest in the world, were down from a record high of 89.5 billion dollars registered in September 1992, the CBC said.

In view of declining interest rates abroad, the CBC increased investment in overseas marketable securities, with 73.7 per cent of the reserves used by short-term investments, they said.

They said 24.4 per cent of the reserves were deposited in foreign banks, adding that 24.4 per cent of the reserves were deposited in foreign banks, adding that the bank earned yearly interest increments of some five billion dollars from the reserves.

Some 60.81 per cent of Taiwan's reserves was US dollar-denominated, 22.28 per cent in marks and 11.04 per cent in yen.

US dollar, stocks fall in Tokyo

TOKYO, Mar 9: The US dollar edged lower against the Japanese yen Wednesday after a three-day advance, while Tokyo share prices fell moderately in lackluster trading, reports UNB.

The dollar finished at 105.17 yen, down 0.37 yen from Tuesday's close and also lower than its New York overnight close of 105.37 yen. In the past three trading days, the dollar has gained 1.62 yen.

After opening at 105.12 yen, it ranged between 105.10 yen and 105.35 yen.

Yukio Kimura, a dealer with Asahi Bank, said the dollar stayed just above 105 yen levels in the absence of major market-affecting news.

"Monetary authorities in Japan will defend the dollar from falling below the 105 yen, but investors seemed to have no interest in pushing it down for now," Kimura said.



Sirajul Islam and Zahirul Islam, eldest and youngest sons respectively and a daughter of late Abdus Siddique handing over a cheque for Tk 2 lakh to the Dhaka University Vice-Chancellor Professor Emajuddin Ahmed at a simple function Sunday to introduce Abdus Siddique Memorial Trust Fund. Pro-Vice-Chancellor Professor Wakil Ahmed also seen in the picture.

Indonesia to face first budget deficit in 27 yrs

JAKARTA, Mar 9: Indonesia will run its first budget deficit in 27 years in fiscal 1993-94 because of falling oil prices, the finance minister was reported yesterday as saying, reports AFP.

The fiscal year, which ends March 31, will have an 848.17-million-dollar deficit, Finance Minister Mar'ie Mohammad told parliament, according to the Bisnis Indonesia daily.

Mohammad told parliament that state receipts for the fiscal year were 62.65 trillion rupiah (29.36 billion dollars), while expenses were expected to reach 64.46 trillion rupiah (30.21 billion dollars).

The government, when it announced in January the draft budget for 1993-94 balanced income and expenditure at 62.32 trillion rupiah (30.21 billion dollars) at the January Exchange rate, based on an average oil price of 18 dollars a barrel.

Mohammad said that falling income was mainly due to lower oil prices and that consequently oil and gas receipts

fell short by 17.3 per cent or 12.51 trillion rupiah.

The receipts were expected to be 15.13 trillion rupiah (7.33 billion dollars).

He said the average Indonesian oil price for 1993-94 was a mere 16.5 dollars per barrel. The new budget for 1994-95, which starts April 1, is based on an oil price of 16 dollars per barrel.

Oil and gas accounted for 15.127 billion rupiah (7.33 billion dollars) or 28 per cent of total revenues in 1993/94.

Mohammad said that a 5.7 per cent rise in non-oil and gas incomes, mainly from taxes, meant that total state income fell short of the target by only 0.9 per cent.

The Rupiah's steady depreciation against foreign currencies, especially the Japanese yen and the dollar, had made the debt servicing obligations heavier, he added.

He said the deficit was covered by the state's development reserve fund, which had been accumulated from past budget surpluses.

Iranian deputies vote for food, fuel import cuts

TEHRAN, Mar 9: Iran's Parliament has slashed cash for food and fuel imports from the country's budget for next year, starting March 21, and authorised the use of six billion US dollars in foreign credits for development projects.

The decisions were taken as deputies scrutinised sections of the 69.8 trillion rial (39.9 billion US dollars) budget, which becomes law after being approved by the Overseas Guardian Council.

Deputies allocated 800 million US dollars for importing wheat, rice, oil, sugar and meat — down from 1.2 billion US dollars in the current year's budget.

The deputies also set a limit of up to 400 million US dollars for importing medicine and baby milk, compared with this year's 452 million US dollars and 80 million US dollars for Iranian students studying in foreign universities, unchanged from this year.

The decisions were part of an article in next year's budget bill covering some hard cash expenditures under projected oil revenue limited to 10.15

billion US dollars due to weak oil prices.

The deputies instructed the central bank to keep about 15 per cent of proceeds from oil sales in a reserve fund to pay for foreign commitments.

Parliament earlier voted that the government should lower the total amount of Iran's foreign commitments by 1.6 billion US dollars over the year. Iran's commercial debt arrears were set at eight billion US dollars earlier this year.

The bill did not mention any allocation for defence, a sector for which 850 million US dollars was earmarked in the current year's budget.

Deputies authorised the oil ministry to export 190,000 barrels per day (BPD) of crude oil and import refined oil products in return.

Oil Minister Chohamreza Agazadeh said even the 190,000 BPD supplement was not enough to meet domestic demand.

This year we did not have problems because it (crude exports to finance fuel imports) was 280,000 BPD.

US may raise short-term interest rates

WASHINGTON, Mar 9: A group of monetarist economists predicts that short-term interest rates will have to rise further to prevent acceleration in inflation because of what the members perceive as excessively rapid money supply growth in the past, says a USIS press release.

The group, the Shadow Open Market Committee, announced its views at a March 7 press conference. The committee meets twice a year to criticise the Federal Reserve's policy-making group, the Federal Open Market Committee (FOMC).

In February the Federal Reserve did push up short-term interest rates, the first such action in five years.

The Shadow Committee members predicted inflation would start to accelerate in 1994 or 1995 without further action by the Federal Reserve. They said the Federal Reserve should target not interest rates but monetary aggregates, specifically the monetary base, which comprises bank reserves and currency.

Economist Erich Heinemann predicted the federal funds rate, regarded as one key signal of Federal Reserve policy, would rise from just above three per cent now to nearly six per cent in 1995. The federal funds rate is the interest rate banks charge each other for short-term loans.

NBK expects settlement of \$19b bad debt

KUWAIT, Mar 9: Kuwait's largest commercial bank, the National Bank of Kuwait (NBK), said it expected a settlement of a chronic 19 billion US dollars bad debt problem to boost confidence in the economy and improve business prospects, reports Reuters.

The settlement over time would also free up bank funds and allow them to explore new lending and investment opportunities.

"The successful completion of this programme as currently envisaged will reduce uncertainty and in turn will boost confidence in the future of the economy significantly and hence improve business prospects for banks in general."

In a first stage of the settlement the government bought the debt from the banks in return for low-yielding bonds, which make up more than 40 per cent of their assets.

Iran plans to buy 41 cargo ships

NICOSIA, Mar 9: The Islamic Republic of Iran Shipping Lines plans to buy 41 cargo ships with a