

Dollar falls to global record low

TOKYO, Apr 10: The US dollar's value against the Japanese yen plunged to a global record low of just over 80 yen in hectic trading Monday, reports AP.

Japan's central bank pulled the US currency out of a tailspin in late morning trading, when it stepped in and bought massively, traders said.

Traders described the morning session as panicky, as the dollar lost five per cent of its value in a 90-minute sell-off.

The new highs in the value of the yen left Japanese business and government leaders, already staggering from the impact of a series of new yen highs, further flustered.

Finance Minister Masayoshi Takemura went so far Monday as to suggest that the floating exchange rate system needs to be reevaluated.

He was also quoted as saying the United States must clarify whether it intends to defend its currency, the Kyodo News Service reported.

Prime Minister Tomichi Murayama called for an emergency Cabinet meeting to discuss emergency economic measures, including help to small businesses and lowering of securities taxes.

"We plan to implement all measures the government can take," said chief government spokesman Kozo Igarashi.

At 3:00 pm (0500 GMT), the dollar was changing hands at 82.94 yen, down 1.26 yen from its level late Friday. Four hours earlier, it touched a

global low of 80.15 yen, its lowest level since modern exchange rates were established in the late 1940s. It climbed up to 81.60 yen minutes after hitting the record low.

In late New York trading Friday, the dollar stood at 83.65 yen.

A Sakura Bank dealer said Japanese players were dump-

ing the dollar as prospects for a US prime rate hike receded because of Friday's weaker US unemployment figures.

"Nobody is buying the dollar but the Bank of Japan," the dealer said, speaking on condition of anonymity. He added that many dealers believed it would be only a matter of time before the dollar falls below 80

yen. Traders said dollar selling was boosted by market disappointment at the lack of coordinated efforts by US, Japanese and European central banks to support the ailing dollar. Traders also said selling by central banks in Asian countries contributed to the dollar's decline.



The US dollar continues its slide on the Tokyo market, hitting another record low of 80.15 yen yesterday. Prime Minister Tomichi Murayama hinted earlier that the government will soon announce emergency measures to prevent further sliding. —AFP/UNB photo

Inflation remains static in India

NEW DELHI, Apr 10: For the closing week of the financial year 1994-95 March 25, the annual rate of inflation continued to rule in double digits though registering an insignificant decline to stand at 10.03 per cent as against 10.04 per cent in the previous week, reports PTI.

The overall price situation in the economy, by the closing week of the previous financial year, remained at relatively the same level as at the end of the 1993-94.

The year end annual rate of inflation for 1993-94 stood at 10.2 per cent as per the provisional over provisional computations and at 10.8 per cent as per the provisional over final estimates of the general WPI.

Including the latest week, the provisional annual rate of inflation continued in double digits for the twentieth consecutive week. However, for the sixth consecutive week the rate has declined, though by an insignificant margin.

The annual inflation rate had climbed to double digits by November 19.

Iran earns \$ 1.7b from carpet export

TEHRAN, Apr 10: Exports of Iranian traditional carpets earned the country 1.7 billion US dollars during the past Iranian fiscal year (ended March 20), reports Xinhua.

The official news agency IRNA today quoted Nosrattollah Mahmoudzadeh, the Managing Director of Iran's Rural Hand woven Carpet Unions, as saying that two billion dollars is expected to be earned through carpet exports this Iranian year given the great demand of world market for the Iranian handicraft.

Weak dollar may offset surge in Gulf oil prices

ABU DHABI, Apr 10: An improvement in oil prices will inject more cash into the ailing coffers of Gulf Arab governments but the increase will likely be offset by higher import bill due to the weak dollar, economists said yesterday, reports AFP.

As crude prices climbed this week to around 18 dollars, their highest level in eight months, the dollar sank to new record lows against major currencies, pushing down the value of most Gulf currencies that are effectively pegged to it.

"A one dollar increase in oil prices means nearly 240 million dollars a month and around three billion dollars a year in extra revenue for the Gulf Cooperation Council (GCC)," said Mohammed Al-Asoumi, chief economist at the state-controlled Emirates Industrial Bank.

"Such an increase will naturally help the GCC budgets but the impact will be minimised by the decline in the US dollars since this means they will pay more for their imports of goods and services," he told AFP.

Despite intervention by the US Treasury, the dollar continued its plunge to hit a new record low of 83.65 Japanese yen on Friday. It also dropped to 1,374 German marks and 4.79 French francs.

Oil exports are priced in the US dollar and its decline over the past decade has combined with weak crude prices to create persistent economic problems for the GCC countries, including a sharp slowdown in growth rates and deficits in their budgets and balances of payments.

According to the Kuwaiti-base Organisation of Arab

Petroleum Exporting Countries (OAPEC), current oil prices were equivalent to six dollars in real terms in 1973 due to the deteriorating purchasing power of the greenback.

"The latest improvement in oil prices is a good news to GCC states but the question is whether the improvement will continue and the dollar will regain its strength," said Yusuf Khalifa, Economics Professor at the Emirates University. "If this happens, then it will largely help their budgets."

GCC states — Saudi Arabia, Bahrain, Qatar, Kuwait, Oman and the United Arab Emirates (UAE) — have been trying to slash their budget shortfalls by cutting expenditure after years of generous spending.

Such cuts enabled them to slash their combined 1995 budget deficit to around 9.63 billion dollars from 17.3 billion dollars in 1994 and a record 61.2 billion dollars in 1991, when they contributed more than 65 billion dollars to a US-led campaign to eject Iraqi invasion forces from Kuwait.

Anti-smoking laws in NY

NEW YORK, Apr 10: In a city known for haute cuisine and power lunches, restaurants Monday began to grapple with one of the nation's strictest anti-smoking laws, banning smoking in dining areas with more than 35 people, reports AP.

Smokers will also find tighter restrictions from Yankee Stadium to movie theaters to office buildings, although those areas will have longer to comply because of expenses involved, the city says.

Spending was projected at 68.79 billion dollars in 1995 compared with 71.45 billion dollars in 1994 and as high as 124 billion dollars in 1991.

GCC states produce nearly 13 million barrels per day (BPD) of oil, accounting for more the 80 per cent of their income. Despite attempts at diversification, they remain heavily reliant on imports.

Official GCC estimates showed imports by the six members averaged around 5.5 billion dollars a month in the first quarter of 1995, with more than 80 per cent coming from Japan and the European Union.

The figure did not include services but GCC states suffered from a deficit in the services balance of nearly 30 billion dollars in 1994, according to the estimates.

The Kuwaiti dinar is the only GCC currency which is not pegged to the US dollars but the greenback has the lion share in the basket of currencies covering the dinar.

Asoumi said the GCC states were also making "less profits from investment abroad and their currencies are also losing value because most of them are linked to the dollars."

The steady weakening in the dollars has prompted calls for detaching it from GCC currencies and oil prices.

"Time has come for revising the pricing of raw material, including oil, to protect the economies of crude exporting countries from the sharp fluctuations in the world financial markets," UAE Minister of State for Financial and Industrial Affairs, Ahmed Al-Tajer, said last month, adding the GCC Finance, Oil and Foreign Ministers would meet in May to discuss the issue.

Baghdad repeats rejection of proposed limits on oil exports

DOHA, Apr 10: Iraq repeated its rejection Sunday of US-proposed limits on its oil exports in an easing of the international embargo against Baghdad, reports AFP.

Speaking on his arrival here for a four day visit, Iraqi Oil Minister Safa Hedi Jawad said Iraq expected to be able to return to the international oil market with the same OPEC quota it had before the invasion of Kuwait in 1990, namely 3.2 million barrels a day.

The United States, Britain and Argentina have proposed to the United Nations Security Council that Iraq should initially be allowed to earn no more than one billion dollars in three months when its oil exports resume.

Jawad also said that negotiations with the French oil company in Iraq, which have angered the United States, were advancing satisfactorily.

The Iraqi minister was in Doha for talks with his Qatari counterpart Abdallah Ben-Hamad Al-Attiya on the international oil market and cooperation with in the Organisation of Petroleum Exporting Countries (OPEC) to stabilise prices.

KLM putting in more flights

KLM Royal Dutch Airlines during its summer schedule (March 26-October 28) this year is putting in more flights to a variety of intercontinental destinations, says a press release.

This summer KLM is linking 149 cities in 83 countries. During this period KLM will be operating more than 41,000 flights with over 10 million available seats an increase of more than 300 intercontinental flights totaling 6,350 seats, compared to summer 1994.

Flights to Sydney, Seoul, Sao Jose, Panama, Lucia, Casablanca, Lagos and Dar es Salaam has been increased by one per a week. Flights to Osaka has been increased to four and, as the schedule progresses, will rise to six per week. Flights to Nairobi has been raised to four a week from two.

Starting June 27, Memphis, Tennessee will become KLM's eleventh destination in the United States. The European route network will be expanded with flights to Almaty in Kazakhstan from September 25.

The KLM fleet is taking on a new aircraft type, the Boeing 767-300ER.

US domestic flight operating under a joint NW/KL flight number has been increased by 30, rising to 126 flights a week. In Europe, Africa and the Middle East, flights carrying a KL/NW flight number link 27 destinations.

Seventy-five per cent of KLM's intercontinental fleet has been fitted with phone equipment, and would reach 100 per cent in the first few weeks of this new schedule. KLM is one of the first airlines to offer its passengers satellite telephone service.

All passengers in KLM's World Business Class will have a telephone of their seat. Tourist Class will carry between five and nine wall phones, depending on cabin configuration. All phones are credit card operated.

US demands cut in China's trade surplus

BEIJING, Apr 10: US Under Secretary of Commerce Jeffrey Garten and Chinese Foreign Trade Minister Wu Yi argued publicly today over US demands China cut its trade surplus and US doubts over Beijing's entry to the World Trade Organisation (WTO), reports Reuter.

The row, which erupted at an international conference aimed at boosting trade with an investment in China, exposed the persistent deep divisions that mar ties between the two Pacific giants who narrowly avoided a trade war just six weeks ago.

Garten told the conference that while US trade ties had made positive progress in several areas, differences remained over China's yawning trade surplus, human rights and Beijing's entry to the WTO.

"It's a growing problem," Garten said of the deficit. "Its magnitude is second only to Japan's deficit but growing much faster... the major issue is not the exact number but the very rapid increase in the number."

The trade imbalance in Beijing's favour in 1994 was 29.5 billion US dollars, and widening rapidly, Garten said.

Wu responded with fury in impromptu remarks just before the session closed, saying Chinese customs figures showed total trade between the two nations reached 35.4 billion US dollars in 1994 and compared that with US figures

for the deficit. "Obviously, anyone who has the power of thought can see on what kind of level these figures have been compiled," she raged.

Garten attributed the difference to calculation methods, and said a working committee of officials from both countries was studying approaches to measuring trade.

China against UN trade embargo on Yugoslavia

BELGRADE, Apr 10: Chinese Foreign Minister Qian Qichen said on Sunday his country opposed a UN trade embargo on Yugoslavia and called for the sanctions to be lifted, Tanjug news agency reported, says Reuter.

We consider that sanctions do not solve anything and that they only further complicate the situation in this area. They must be softened and fully lifted, Qian was quoted as saying by the state news agency.

Qian spoke after holding talks with his Yugoslav counterpart, Valdislav Jovannovic, in Belgrade.

Rescinding UN sanctions is not only in the interest of the Yugoslav republics of Serbia and Montenegro but also in the interest of all other countries in the region, the agency quoted Qian as saying.

Power cuts in Russia

VLADIVOSTOK, Russia, Apr 10: The Russian far eastern city of Vladivostok is suffering electricity and heating cuts for several hours a day because of a miners' strike, city authorities said yesterday, reports AFP.

Citywide power cuts kick in from 9:00 am until midday daily and again from 9:00 pm until midnight, according to the authorities in Vladivostok which say it only has two days of coal reserves left.

The strike continued Saturday for the third consecutive day in several coalmines in the Primorsky region, as miners protested non-payment of their wages. Some miners have not been paid since November and have threatened to call a general strike on April 15 if they are not paid.

The non-payment of miners is an ever-recurring problem in Russia where massive inter-factory debts often leave whole industries short of cash for payment of wages and reinvestment.

In this instance, enterprises in the Primorsky region owe 100 billion roubles (20 million dollars) to the local mining company Primorsk-hugol.

But the cash-strapped Russian government may also share the blame for the problem.

Regional Governor Mikhail Savshenko said Friday that 34 billion roubles (nearly six million dollars) that should have been granted by federal authorities to the region's energy sector at the end of last year had not been paid.

Channel Tunnel suffers big loss

LONDON, Apr 10: Operators of the Channel Tunnel announced a big loss on disappointing revenues and warned Monday the undersea link between England and France could be overwhelmed by massive debts, reports AP.

This peak summer vacation season will be a crucial test for the "Channel," built at a cost of 10 billion pounds (18 billion dollars) but still working out the bugs.

"Eurotunnel is at risk," Eurotunnel co-chairmen Sir Alastair Morton and Patrick Porselle said in a statement. "In 1995 we may succeed or we may fail. Our debt service costs may overwhelm us."

Eurotunnel said it lost 386.9 million pounds (605.4 million dollars) last year on revenues of 30.6 million pounds (47.9 million dollars).

The losses were only a few million worse than what Eurotunnel had forecast.

But more importantly, revenues were less than a quarter of what Eurotunnel had forecast about a year ago, when it tapped shareholders for 816 million pounds (dfrs 1.28 bil-

lion) just to keep the project in business. Eurotunnel has said a revenue shortfall was inevitable because the tunnel was many months late in opening to the public.

But even though all of the tunnel's main services have been operating this year, they are not at full capacity. Eurotunnel said revenues were still coming up short through the end of the first quarter. This puts Eurotunnel in a precarious situation as it works to pay back hundreds of millions in interest charges.

Investors responded by dumping Eurotunnel stock. After about an hour of trading, Eurotunnel was down 9.9 per cent at 218 pence 3.49 dollars per share on the London Stock Exchange.

Eurotunnel called its results "severe in the context of one year," but said "provided they do not continue, they are not of conclusive importance to our target to achieve cash-flow breakeven and go on to pay a dividend from 2003 profits."

Some analysts have their doubts about whether Eurotunnel can meet these goals or

even stay in business without being refinanced.

Eurotunnel makes its money by operating "Le Shuttle" trains that take freight trucks and passenger cars between the tunnel entrances in Folkestone, England, and Calais, France. The tunnel also gets user fees from the Eurostar trains that run between London-Paris and London-Brussels, as well as freight trains running between Britain and continental Europe.

Despite the gloomy numbers, Eurotunnel said that in the first quarter of this year, its Le Shuttle had captured 18 per cent of the market for freight trucks crossing the channel and 20 per cent of the market for passenger cars. The Le Shuttle services are the biggest key to whether Eurotunnel succeeds commercially.

"From initial reactions, we are very optimistic that a reliable, available, fast safe and efficient service is going to capture a large market share from the ferry companies and also generate new traffic," Eurotunnel said.

Shanghai to get much needed subway

SHANGHAI, Apr 10: Some 37 years after the first section of tunnel was built, Shanghai is to get a much needed subway, 16.1 kilometres (10 miles), subway linking the southeast of the eastern metropolis with the northeast, reports AFP.

The subway is badly needed in China's most populous city where 350,000 motorised vehicles move only as fast as the seven million bicyclists who share the narrow roads along them.

Those familiar with the project said the first 600 me-

tres (yards) of tunnel was dug in southeast Shanghai in 1958 but funding and technical problems and the cultural revolution interrupted work which resumed only in 1990.

"In the 1950s and 1960s, Shanghai made many tests to build a subway but Soviet experts said it was impossible to build a subway because of the mud on which Shanghai rests, said Zhou Zhengyi, an official with Shanghai Metro Corp, a company set up by the government to handle the subway project.

In the years in between, Shanghai sent so much of its tax revenue to the central government that it was left with little to spend on its infrastructure, which decayed and became grossly inadequate, while Beijing and Tianjin built their subways.

Algerian oil workers need permits to visit 'no go' zones

TUNIS, Apr 10: Algeria said yesterday oil workers and local residents would need permits for moving about in main oil and gas production region which it has declared "no go" zones to prevent sabotage by Muslim guerillas, reports Reuter.

A statement by the Algerian Interior Ministry, carried by the Algerian official news agency APS, said permits were compulsory for local inhabitants and foreign residents in the energy regions in the Southeast and near the Libyan border.

Police and local headquarters of the paramilitary gendarmerie would accept applications for permits from Monday.

EU moves towards common currency, but whose head on the notes?

VARSAILLES, France, Apr 10: By early next century, European Union citizens should empty their pockets of francs, marks, pesetas and the rest and start paying for their goods with Euro-money, reports AP.

At least that is the plan, vigorously promoted over the weekend by EU finance chiefs meeting in this historic town outside Paris.

But from Britain's demand that the queen's head stay on bank notes, to Sweden's call for nickel-free coins for allergic citizens, the road to a single currency is paved with problems.

"We're in favour of having the queen's head on the notes," said chancellor of the Exchequer Kenneth Clarke, reflecting strong public opinion in Britain.

"I cannot see people proceeding to a currency without national symbols on the notes and coins," Clarke told reporters.

Other ministers oppose Britain's proposal for Euro-bills with one common European side and one variable side that nation's can decorate with monarches' profiles or other emblems of statehood.

When French Finance Minister Edmond Alphadery sug-

gested allowing only small national insignia on the notes, British journalists recalled Queen Marie-Antoinette who lived in Versailles's famous royal chateau and met her doom on the guillotine.

The French, they said, were trying to cut the head of Queen Elizabeth II from British notes.

Anyhow, Britain is perhaps the least likely of the 15 EU nations to be using the common currency.

Under pressure from "Euro-skeptics" opposed to dropping the pound sterling, the British government negotiated an opt out from the EU treaty meaning it can stay out of the single currency if it wants.

Denmark has a similar deal. Other nations are keen to embrace monetary union as a way of ending exchange rate fluctuations that harm trade, and saving increasingly mobile citizens from the chore of changing currencies every time they cross a frontier.

"We have to make Europe's citizens fall in love with the new money," said the Commission's finance chief Yves Thibault de Silguy.

But not all EU members are likely to be allowed into the monetary union from day one.

even if they want to. To prepare for the changeover, national economies have to meet strict targets of low inflation, budget deficits and national debt.

Most EU members are currently far from meeting the so-called "convergence criteria." Under the timetable for the switch to a single currency, EU leaders should agree by mid-1998 at the latest which countries are ready.

Six months to a year later, those nations will freeze exchange rates between their currencies and hand over control of monetary policy to an EU central bank. Money markets and banks will then start to use the new unit.

Ministers estimate another three years will then be needed before citizens will be using the new currency for day-to-day business.

That time will be needed to print the 28 billion notes and mint the 48 billion coins experts think will be needed if all 15 nations sign up for the monetary union.

EU leaders are expected to approve a step-by-step plan for the introduction of the single currency at their June summit in the French Riviera resort of Cannes.

Among the problems the

plan will tackle, is how to convert a continent full of vending machines, protecting contracts concluded in national currencies and the types of metals used in the coins.

Swedish Finance Minister Goran Persson warned his colleagues Saturday not to plan coins that include nickel because some citizens are allergic to the metal.

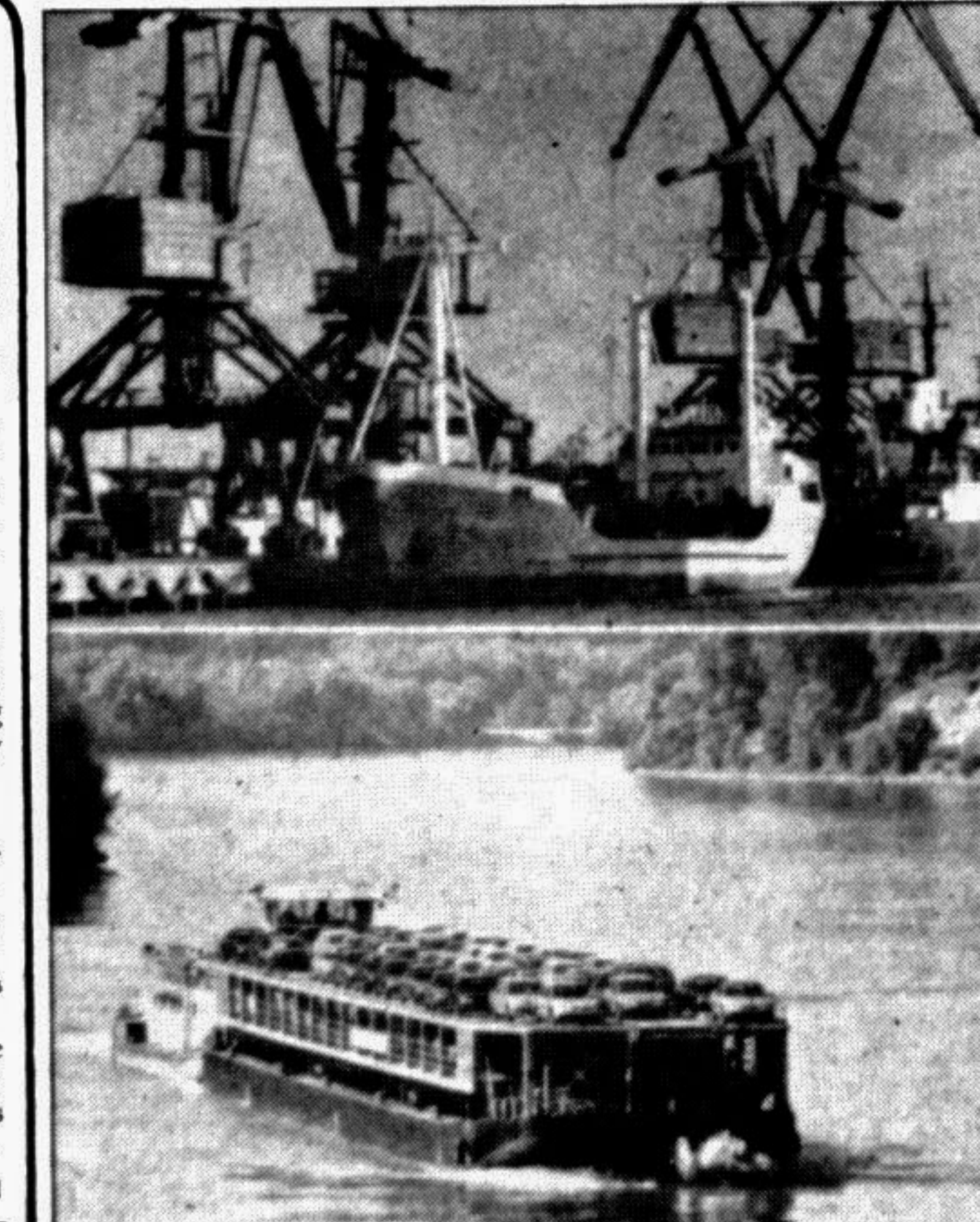
Other questions include how to prevent market speculation driving down the value of national currencies during the transition to monetary union.

Then there is the name. Currently, EU accounts are measured in European Currency Units. Worth roughly one dollar, the ECU represents an average of the values of the 15 EU monies.

The Commission would like the ECU to become the new currency. But some capitals have problems with that name.

Many Germans are worried about dropping the mark — symbol of postwar stability and prosperity and Europe's strongest currency.

But EU officials said German suggestions that the currency be named the "euromark" were unlikely to be welcomed by other nations.



The East German seaports and shipyards (above, in Wismar/Baltic Sea) are seeking a link with the new development. At present, Europe's inland waterways are also being promoted more intensively. For example, the Ford Motor factories in Cologne are switching a great part of their new vehicle transportation to the Rhine and Danube (below) to relieve the congested autobahns. —IN photo

Exchange Rates

Following are the Sonali Bank's dealing rates to public for some selected foreign currencies effective on April 10. (Figures in Taka)

Currency	Selling	Buying		
		T T & O.D	O.D Sight	O.D Transfer
US Dollar	1=Tk 40.2555	40.2955	39.9400	39.7970
GBP	1=Tk 64.9331	64.9976	63.3440	63.1172
DM	1=Tk 29.0934	29.1223	28.2837	28.1824
F Franc	1=Tk 8.3822	8.3906	8.1468	8.1176
C Doll	1=Tk 29.3878	29.4170	28.5595	28.4572
CHF	1=Tk 35.4628	35.4980	34.4580	34.3347
Jap Yen	1=Tk 0.4965	0.4970	0.4774	0.4757
IRS	1=Tk 1.2875	1.2972	1.2658	1.2668
Pak Rupee	1=Tk 1.3063	1.3161	1.2843	1.2650
Iranian Ryal	1=Tk 0.0233	0.0235	0.0228	0.0225

A) T T (DOC) US Dollar Spot Buying Tk 39.8685

B) Usance Rate

30 Days	60 Days	90 Days	120 Days	180 Days
39.5911	39.3082	39.0253	38.7424	38.1765

C) US Dollar sight export bill 3 months forward purchase: To be deducted Tk 0.20 from O.D. sight export Bill buying rate.

D) US Dollar 3 months forward sale: Add cushion of Tk 0.20 with B.C. Selling.

Currency	Selling		Buying
	T T & O.D	O.D	
S'Riyal	Tk 10.7339	Tk 10.5852	
UAE Dirham	Tk 10.9607	Tk 10.8088	
Kuwaiti Dinnar	Tk 137.6962	Tk 135.7565	
D Guilders	Tk 26.0385	Tk 25.6639	
S Krona	Tk 5.4918	Tk 5.4089	
Malaysian Ringgit	Tk 16.0444	Tk 15.8175	
Singapore Dollar	Tk 28.6516	Tk 28.2375	