

Pakistan in talks with IMF to resolve standoff over stalled loans

KARACHI, Pakistan, Oct 23: The economic adviser to the Prime Minister of Pakistan said on Friday that Islamabad was in talks with the IMF and World Bank to resolve a standoff over stalled loans caused by a government row over the power sector, reports Reuters.

"Pakistan is continuing discussions with the International Monetary Fund and World Bank to resolve all outstanding issues," Hafeez Pasha told a Karachi news conference.

The IMF said this week that it would resume talks with the government on a stalled 1.56 billion dollar loan programme when it had resolved a row with Independent Power Producers (IPPs), some of which have World Bank financing.

"The IMF mission expected on October 21 has been postponed but talks are continuing. We hope as a result of the discussions taking place we will lead to a situation where this process could be resumed. I can't

give you a date," Pasha said.

He said: "I would like to assure you (of) a continuing dialogue with the two institutions IMF and World Bank."

Pasha said liquid foreign exchange reserves now stood at 500 million dollars compared to 601 million dollars on October 10 barely a month's import cover.

He said the government had placed some 30 billion rupees with the State (Central) Bank of Pakistan to cover loan repayments on its 32 billion dollar debt.

The government says it is using grace periods on loan repayments to conserve foreign exchange and is seeking a Paris Club debt rescheduling as part of a new IMF package.

Pasha said Pakistan's discussions with the Islamic Development Bank (IDB) on a 1.5 billion dollars Pakistan fund were also continuing.

He said bank borrowing has

increased to 50 billion rupees in the first quarter of fiscal 1998/99 (July-September 1998) as the government was building up arrears for external payments.

A senior Finance Ministry official said the government had to rely more on bank borrowing to cover its fiscal deficit because western sanctions imposed for its nuclear tests in may had depleted external foreign exchange in flow.

Pakistan is looking for multilateral loans to help close a five billion dollars balance of payment deficit.

The official said there has been little foreign exchange outflow but an amount of 30 billion rupees has been kept with the central bank against loan arrears. "The net bank borrowing comes out to only 20 billion rupees," he said.

Pasha said bank borrowing will not lead to an expansionary monetary policy in coming months. "Our inflation is still

in single digits around eight per cent," he added.

He said the government has generated above target revenues in the first quarter July-September 1998.

Pakistan's fixed a July-June 1998/99 revenue collection target of 398 billion rupees in the budget that included tax collection from the Central Board of Revenue (CBR) of 354.6 billion rupees and 43.6 billion income from petroleum and gas surcharges.

"We have collected 76.1 billion rupees against a target of 73 billion in first three months," he said, adding that CBR tax collection is below target because of a significant reduction in custom duties in view of lower imports in the first three months.

Pakistan's imports fell 21.5 per cent in July-Sept 1998 to 2,072 billion dollars against 2,641 billion dollars in same period last year.



Abdul Latif Malik (centre), chairman of the Pakistan Carpet Manufacturing and Export Association (PCMEA), thanks William B Milam (right), US Ambassador in Pakistan, for providing 300,000 dollars for a programme to eliminate child labour in the carpet industry Thursday in Islamabad. Kari Tapiola (left) of the International Labour Organisation signed agreement with the association to end child labour in the carpet industry.

— AP/UNB photo

EU Parliament adopts budget in euro

STRASBOURG, Oct 23: The European parliament yesterday adopted the first EU budget to be written up in the single currency, entering a 85.7-billion-euro (102.8-billion-dollar) package for 1999 described as "very strict" by the head of the Budget Commission, Detlef Samsland, reports AFP.

The budget is to be definitively passed by the parliament in December.

The draft text represents a 2.8 per cent rise over 1998's budget, with 40.4 billion euros set aside to support the farming sector and 30.4 billion euros for structural needs.

Battling unemployment is the "priority of priorities" in the budget, Samsland said, followed by bolstered subsidies for education, research and environmental protection.

Wednesday's vote also made and 330-million-euro allowance for humanitarian aid, despite allegations of fraud clouding the work of the European Commissions' humanitarian office, Echo.



US Ambassador John C Holzman and his wife Kim visited the branch office of Bangladesh Independent Garment Workers Union Federation (BIGUF) in Chittagong Thursday and met the officers and members of the federation. The picture shows Sheikh Nazma, President of BIGUF, Lovely Yasmin, General Secretary, and the five executive committee members from Chittagong Chandan Kumar Dey, Nizam Hossain, Johora Begum, Sobita Rani, and Susuma Rani with the ambassador.

— BIGUF photo

Malaysian budget to seek 1 pc growth in '99

KUALA LUMPUR, Oct 23: Prime Minister Mahathir Mohamad will seek stimulus measures to eke out a 1 per cent growth rate when he unveils the 1999 budget Friday, says AP.

The optimistic goal comes in the wake of a 4.8 per cent contraction in the economy this year, provoking the first formal recession in more than a decade.

Meanwhile, thousands of anti-government demonstrators were preparing to march on Parliament just as Mahathir presents the budget to lawmakers. They intend to protest the jailing of ousted finance minister Anwar Ibrahim on charges of corruption and illegal homosexual activities.

Analysts expect the budget to include a large deficit as it follows Mahathir's economic philosophy of spending more to boost corporate investment, recovery and create employment.

Earlier this month, Deputy Finance Minister Wong See Wah said further expansionary policies would be introduced in the budget.

Government spending has already been raised by nearly 20 per cent in 1998, after Malaysia turned its back on International Monetary Fund-style, tight-money, low-spending policies.

Malaysia imposed capital controls last month, which curbed flows of speculative funds, and effectively pegged the country's currency at 3.80 ringgit to the dollar.

Mahathir hopes these measures, which allow the government to boost spending without undermining the stability of the currency, would make Malaysia the first country in Southeast Asia to recover from the Asian economic crisis.

Since 1993, Malaysia's budgets have always shown a surplus, and revenues have been substantially higher than expenditure during the boom years when the economy grew by between eight per cent and 10 per cent annually.

Mahathir took over as Malaysia's finance minister in September after he fired Anwar. Mahathir was unhappy with Anwar's policies, which he said followed inappropriate Western-style austerity prescriptions.

Analysts say the budget was expected to continue the National Economic Recovery Plan announced in August. They also expect cuts in corporate and personal income taxes, offset by levies on gambling, alcohol and tobacco.

But it was unclear how the cash-strapped treasury would fund many of the ambitious projects to revive a banking sector staggering under the weight of bad loans and big corporations owned by politically influential Malaysians.

Earlier this month, Daim Zainuddin, Mahathir's chief economic aide said Malaysia needs around 60 billion ringgit (15.8 billion dollars) to revive banks and pay for fiscal stimulus measures. He said that sum was too much for the government to bear alone and other sources of funding were being sought.

Japanese govt to take over troubled LTCB

TOKYO, Oct 23: The government said Friday it will take over the troubled Long-Term Credit Bank of Japan Ltd. in the first nationalisation of a Japanese bank since World War II, says AP.

Prime Minister Keizo Obuchi told reporters that he approved a request by the bank made under newly-passed legislation aimed at revitalizing the country's crisis-ridden financial system.

In the takeover, the government will clean up the bank's bad loans before arranging a merger with another company.

Obuchi said the government would guarantee repayment to holders of LTCB bonds and ensure that healthy borrowers are not cut off from funds.

The Tokyo Stock Exchange suspended trading in LTCB shares before the market opened Friday. Share prices had fallen to a record low of 2 yen (0.17 dollar) earlier this week amid media reports the bank may be insolvent.

Another finance company will then be found to absorb the bank's healthy operations.

Once a pillar of Japan's post-war economy, LTCB's recent troubles shook world confidence in the country's financial system and prompted debate in Parliament over a public-funded bailout.

But hopes of rescuing the venerable lender died as government auditors appear likely to rule that LTCB's debts exceed its assets, meaning the bank is effectively bankrupt.

Japan's Financial Supervisory Agency is expected to issue a formal ruling on the bank's financial condition as soon as next week, the Asahi newspaper reported. LTCB declined to comment.

Since LTCB appears likely to be found bankrupt, the bank will be taken over by the government for one year while taxpayer money is used to write off bad loans and clean up the bank's books.

Exchange Rates

The following are the Sonal Bank's dealing rates (BD Tk for one unit of Foreign Currency) to public as on 22nd, 23rd & 24th Oct '98.

Name of Currency	Buying		Selling	
	DD Sight	OD	T.T & O.D.	B.C.
US Dir	48.2500	48.1600	48.7095	48.7490
GB Pound	81.4564	81.1751	82.7544	82.8215
D Mark	29.0036	28.8896	29.5182	29.5422
F Franc	8.6518	8.6178	8.8053	8.8124
C Dollar	31.6275	31.6275	31.6275	31.6275
S Franc	36.0240	36.0532	36.0240	36.0532
JP Yen	0.4173	0.4177	0.4173	0.4177

A) TT (DOC) US Dollar Spot Buying Tk. 48.2550
B) Usance Rate
30 Days 60 Days 90 Days 120 Days 180 Days
47.8531 47.4502 47.0472 46.6443 46.2425

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S Franc	36.0240	36.0532	36.0240	36.0532
JP Yen	0.4173	0.4177	0.4173	0.4177

Currency Selling Buying
Saudi Riyal 12.9882 12.8143
UAE Dir 13.2622 13.0836
Kuwait Dir 161.8901 159.6784
D Guider 26.3765 26.0178
S Krona 6.2674 6.1763
Malay Ringgit 12.8190 12.6467
Sing Dollar 30.0342 29.6155

US banking system 'extremely' robust despite global crisis

SYDNEY, Oct 23: Despite the Asian crisis and turmoil in global financial markets, the US banking system remains robust and the economy is not expected to weaken greatly, New York Federal Reserve President William McDonough said here, reports AP.

"Our real estate sector is still very strong, our consumer sector is still very strong, so I don't anticipate a very weak economy," he told reporters outside an International Banking Supervisors Conference here.

However, McDonough, one of the world's top banking regulators, acknowledged that the growing effects of outside events on the US economy had led the Federal Reserve to ease monetary policy twice in recent weeks.

"Certainly the negative affects of net exports and to some degree the growing affects on the American economy of what is happening outside our country led us to believe that two modest easings of monetary policy were appropriate," he said.

He said the rate cuts came because the Fed was worried a severe weakening in US exports would have an effect beyond the manufacturing export sector and lead to a slowdown in business investment.

McDonough said he was not aware of any US hedge fund as leveraged as long-term capital management, the fund which caused panic in world financial markets and needed a massive Fed bailout.

LTCM, a once high-flying and sophisticated hedge fund, narrowly avoided collapse last

month with a 3.5 billion dollar bailout by 14 firms, including some shareholders led by the US Federal Reserve bank.

McDonough said other hedge funds had suffered losses during the recent moves in financial markets.

But "to the best of our knowledge there is no other highly leveraged institution lurking out there which is anywhere near the size of long term capital and therefore the potential danger that involves," he told reporters.

McDonough said the best way of regulating such funds was via those who did business with them.

"It is technically very difficult to get your hands around them (the funds), even if you'd like to get your hands around their back on occasion," he said.

"We do have the access to the people who do business with them, the securities firms and banks and that is the much more likely way to seek to avoid these excessive leverages in the future."

McDonough also told the conference the US banking system was in good shape.

"When firms that normally supply their credit needs in the public markets do not find it there, or those not to find it there, then they have to go to the banking system," he said.

"The banking system is extremely robust, it's in very good shape."

McDonough have a tough assessment of the risk-averse mentality gripping US commercial banks, and urged banks generally to lend more money as a "social responsibility" or descend into "that most dreaded outcome, a credit crunch."

The world's recent economic problems showed central banks needed to learn to deal with issues more rapidly and in concert.

He said there was a need for central banks to pay increased attention to corporate governance and legal and accounting matters without diminishing their traditional supervisory focus.

Central bankers had learned a lot about marketplace turmoil and systemic risk in the last 18 months, McDonough said, and that had "focused a great deal of scrutiny on the need for greater transparency."

she specified that MAI talks "already have eight non members around the table," and that regular discussions go on with Paris-based representatives of non-member countries.

A WTO agreement would likely take longer to reach and could be weaker, due to protectionist policies of many member-developing countries.

MAI is aimed at removing protectionist barriers and establishing a more orderly system of international investment.

But France is not alone in opposing the talks. Protesters from about two dozen countries staged a sit-in at the Paris-based International Chamber of Commerce on Monday.

Among American protesters was the chant that MAI is "NAFTA on steroids," referring to the North American Free Trade Agreement which critics say undermines job and environmental protection concerns.

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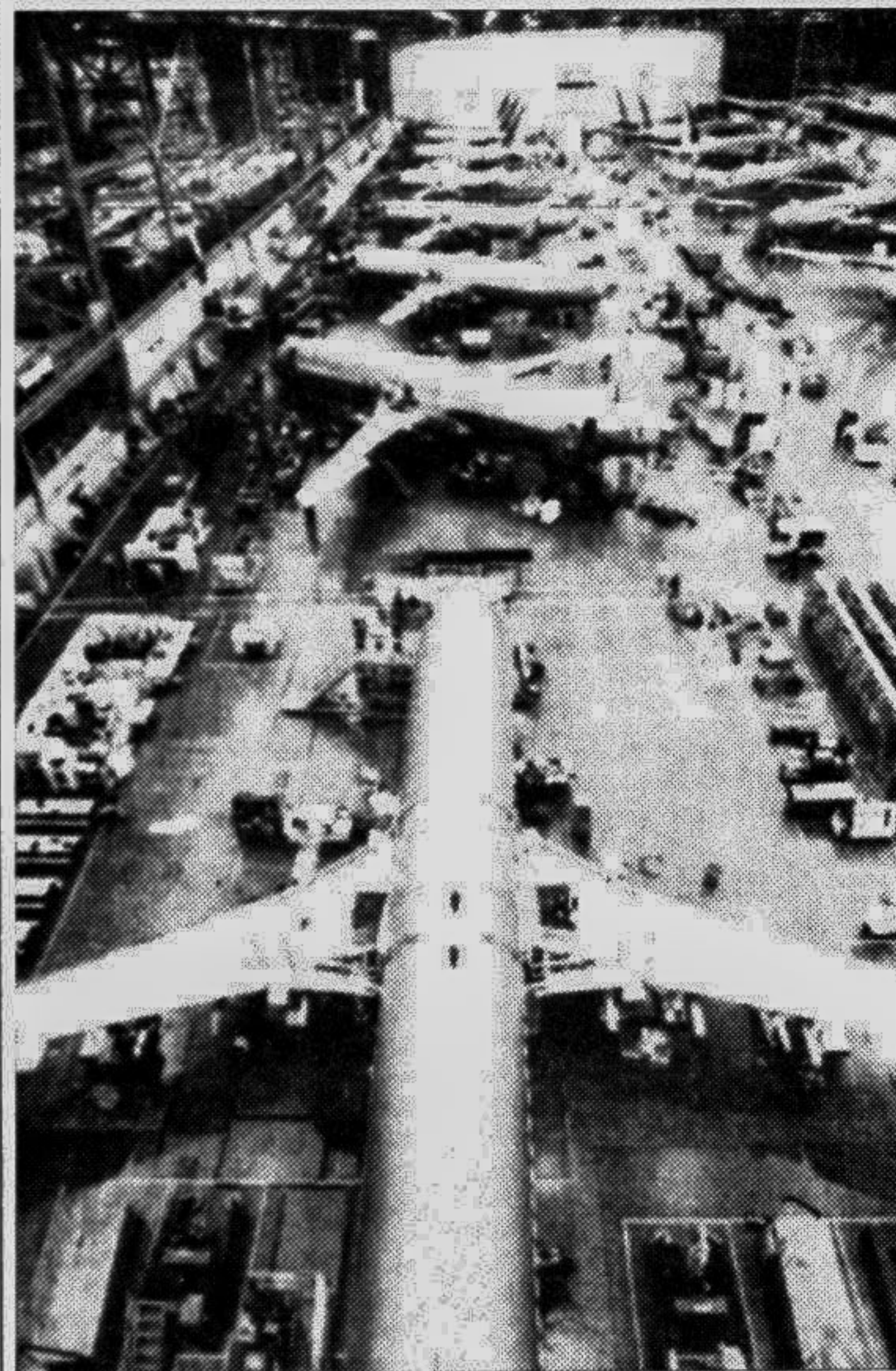
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FILE: Both next generation and classic models of Boeing's 737 jets fill the final assembly lines in the Boeing Company's Renton, Wash. plant in this May 15, 1998, file photo. Boeing Co. still contending with production problems and fretting about the continue impact of the Asian economic financial crisis, reported third-quarter net earnings of \$347 million Thursday, compared to a loss a year earlier.

— AP/UNB photo

Shipping Intelligence

CHITTAGONG PORT

Berth Position and Performance of Vessels as on 22.10.98.

Berth No	Name of Vessels	Cargo	L Port	Local Agent	Date of Leaving	Date of Arrival
J/2	Millenium	Wheat (P)	Bend	OITL	16/10	2/11
J/3	Majestic	R Seed	Swice	Seacom	12/10	24/10
J/4	Alice Island	R Seed	Swice	ASLL	R/A	22/10
J/5	Safar	G	Yang	SMSL	15/10	24/10
J/6	Ocean-1	GI (Log)	Yang	OIM	14/10	22/10
J/7	Median Express	G	Mala	OIM	14/10	22/10
J/8	Marine Kingdom	Combi	Sing	RML	20/10	24/10
J/9	Mallika Naree	R Seed	Sing	Litmond	7/9	28/10
J/10	Jiang Chuan	G	Sing	BDSHP	15/10	27/10
J/11	Kota Cahaya	Cont	Sing	Pil (BD)	20/10	24/10
J/12	Diligence Cont	Cont	Sing	QCSL	20/10	25/10
J/13	Jurong Balsam	Cont	Sing	NOL	17/10	22/10
CCT/1	Prosrich	Cont	Sing	QCSL	18/10	22/10
CCT/2	Xpress Resolve	Cont	Sing	RSL	16/10	24/10
CCT/3	Banglar Shikha	Cont	Sing	BSC	20/10	24/10
RM/14	B J Energy	Cement/Idle	P Kel	USTC	23/8	24/10
RM/15	Lestari Indah	Cement	Jaka	USTC	11/10	26/10
GSJ	Banglar Shobha	Idle	Kand	Seacom	9/10	30/10
GSJ	Anangal Eagle	Wheat (G)	LSC	BSC	13/10	25/10
TSP	Ra Estela	R Sulp	B Abb	Seacom	22/9	23/10
RM/4	Makron	Idle	P Sayed	Seacom	7/10	23/10
DOJ	Banglar Jyoti	C Oil	BSC	R/A	22/10	25/10
DD	Banglar Kallol	Repair	BSC	R/A	22/10	25/10
DDJ/1	Tanary Star	Idle	Para	PSAL	-	-
DDJ/2	Banglar Asha	Idle	Mong	BSC	11/10	22/10
RM/8	Al Salamas	Repair	Visa	ASLL	29/8	26/10
RM/9	Banglar Mamata	Repair	BSC	R/A	25/10	25/10
CUFLJ	Manaslu	Idle	Sing	RSL	15/10	22/10

Vessels Due at Outer Anchorage

Name of Vessels	Date of Arrival	L Port	Local Agent	Cargo	Loading Port
Banga Biraj (Cont) 7/10	22/10	Sing	BDSHP	Cont	Sing
Abuja 13/10	22/10	Sing	Baridhi	Cont	Sing
Hibiscus 11/10	22/10	Col	QCSL	Cont	Col
S Pioneer	22/10	South	LSC (P)	Wheat (G)	-
Almeria	23/10	-	PSAL	Cement	-
Kingdong	22/10	Kaki	MSL	Rice (P)	-
Bunga Mas Enam (Cont) 13/10	23/10	-	EOSL	Cont	Sing
Qc Teal (Cont) 7/10	23/10	Sing	QCSL	Cont	Sing
Sea Trader	24/10	Ilyc	Litmond	Mop in Bulk	GI
Coral	24/10	-	Prog	GI	-
Prudent Challenger	25/10	Kand	OITL	Rice (P)	-
Spring 19/10	24/10	Mong	ONS	E/L	P Sudan
Qc Pintal (Cont) 13/10	24/10	Sing	QCSL	Cont	Sing
Banglar Gourab	26/10	-	BSC	Cont	-
SS Singapore 19/10	25/10	-	RSL	Cont	Sing
Sea Pioneer	26/10	-	Oil	GI	-
Hunter	26/10	Pira	Oil	GI	-
Kota Singa (Cont) 16/10	26/10	Sing	Pil (BD)	Cont	Sing
Berge Duke	27/10	-	JF	Scrapping	-
Banga Birol (Cont) 11/10	28/10	Sing	BDSHP	Cont	Sing
Banglar Moni 12/10	28/10	Sing	BSC	Cont	Sing
Banglar Robi 18/10	28/10	Sing	BSC	Cont	Sing
Kota Berjaya	28/10	Sing	Pil (BD)	Cont	Sing
Makassar Express 19/10	28/10	-	Baridhi	Cont	-
Yong Jiang	28/10	-	BDSHP	Cont	-
Richmond 21/10	29/10	Sing	QCSL	Cont	Sing
Bunga Marich	1/11	-	BSC	Cont	-
Oratus Moon	3/11	-	EOSL	Cont	-
Fortunate Star	26/10	-	-	-	-

Vessels at Kutubdia

Name of Vessels	Cargo	Last Port	Local Agent	Date of Arrival
Seabulk Command	-	-	IBS	R/A (2/8)
Romina-G	C Oil	Rast	ASTA	18/10
Banglar Jyoti	C Oil	-	BSC	R/A (11/10)

Vessels at Outer Anchorage

Name of Vessels	Cargo	Last Port	Local Agent	Date of Arrival
Coral Trader	Ry Karo	AASS	21/10	
Bunga Orkid Satu	Wheat (G)	Dunk	Lams	21/10
Da Fa	Cont	Sing	RSL	21/10
Albatross-III	Rice (P)	Kand	SMSL	21/10
Hesoid	Ammonia	Ind	MBL	12/10
Nidia	HSD	Sing	MSTPL	18/10

Vessels Not Ready

Name of Vessels	Cargo	Saut	LSC (P)	18/10
Beatanavis	Wheat (G)	Saut <td>LSC (P) <td>18/10</td> </td>	LSC (P) <td>18/10</td>	18/10
Jan Zizka	Wheat (P)	Kapt <td>Rainbow</td> <td>19/10</td>	Rainbow	19/10
Varva	Wheat (P)	Gavn	Total	20/10

Vessels Awaiting Instruction

Name of Vessels	Cargo	USTC	R/A (18/9)
Karya Sentosa	Rice (G)	USTC	R/A (18/9)
Rong Jiang	Rice (G)	Kaki	OWSL
Eka Lestari	Rice (G)	Para	MHCSL
Shong Chong Gang	Rice (G)	Kaki	MHCSL
Ritz	Rice (G)	Kaki	SMSL
Sibi Deval	Rice (G)	Kaki	Cross
Delta Star	-	-	Seagory
Adhiguna Jaya-1	Rice (G)	-	RSR
Wanfa	-	-	USTC
-	-	-	Litmond
-	-	-	R/A (20/10)

Movement of Vessels for 23, 24 & 25.10.98

OUTGOING	INCOMING	SHIFTING
23/10		
J/6	M Express	J/6
J/10	Manaslu	DOJ
CCT/1	Prosrich	DOJ
TSP	Tia Estela	CCT/1
DOJ	B Shourabh	
Caico (U)	Hesoid	
24/10		
J/3	L Island	DOJ
J/5	Ocean-1	CCT/3
J/7	M Kingdome	CCT/2
CCT/2	Xp Resolve	J/7
CCT/3	B Shikha	J/10
RM/14	B J Energy	J/5
RM/5	Nidia	
DOJ	B Jyoti	
25/10		
J/11	D Contaner	GSJ
J/13	K Chaya	J/3
DOJ	B Shourabh	J/11

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.

France withdraws to defend its industries Move toward int'l investment liberalisation tumbles down

PARIS, Oct 22: Talks toward liberalising international investment appeared dead in the water, with no new date announced, after France pulled out to defend its culture and audiovisual industries, reports AP.

French resistance forced a six-month delay in the talks on a Multilateral Agreement on Investment, or MAI, and Tuesday's resumption was little more than