

India seeks commercial hydel ties with Bhutan

THIMPHU, Nov 2: India and Bhutan must step up cooperation in hydroelectricity generation, which should be seen more in terms of its commercial benefits than as a bilateral goodwill gesture, Indian Power Minister Rangarajan Kumaramangalam said here.

Kumaramangalam said the success of the joint venture Chukha hydroelectric project which India helped set up, has shown that the two countries can develop Bhutan's immense hydel power potential on a commercial basis.

The minister, who was here to see progress on joint hydel ventures and discuss the possibility of similar projects on the Wang Chhu river, presented a "concept note" on this to the Bhutanese government. According to the Bhutanese Trade and Industry Minister Khandu Wangchuk, this focuses on developing river based programmes.

Kumaramangalam told the

Bhutanese newspaper Kuensel that the success of Chukha, India's pressing need for power, the low cost and reliability of hydroelectricity and Bhutan's potential, were some of the reasons for giving a commercial angle to India-Bhutan cooperation in the sector.

"It is in the interest of both nations that there is full opportunity and scope to develop major projects and to take advantage of God's gift of water," he said.

The Indian minister, who met King Jigme Singye Wangchuk, said the monarch emphasised that hydroelectricity is an important source of revenue for the kingdom. Kumaramangalam said there were very few modern leaders who recognised that power could actually be exported as a commodity.

"His Majesty the King also believes that we should move quicker than on efficient commercial lines, making power

reasonably priced and a major resource mobiliser for the kingdom," he said.

"I suppose the importance of speed is required because the rising costs of cement and steel mean the quicker we take decisions and implement them, the more reasonable would be the price and better the returns," he explained.

Such programmes could, for example, help set up four projects in the Wang Chhu basin generating about 2,500 MW, according to Kumaramangalam. The Wang Chhu would thus fetch a daily revenue of about Nu 210 million (\$5 million) a day, seven times the amount of Chukha's current revenue.

Kumaramangalam suggested that harnessing Bhutan's total estimated hydroelectricity potential of 16,000 MW could rake in about Nu 1,180 million every day. India is estimated to be facing a shortfall of 30,000 MW.

Bhutan's Trade and Industry minister said, "we extended the

Bhutanese government and people's appreciation and gratitude for the generous assistance provided to us by the government of India in the development of the power sector."

"We look forward to continuing and strengthening our cooperation for our mutual benefit," he added. India, which enjoys a special relationship with Bhutan, has funded the Himalayan kingdom's Five-Year Plans, and assisted in its electrification by helping set up small, medium, and large power projects and transmission lines. India is currently helping Nepal set up the Tala project.

Meanwhile, on Thimphu's request, Kumaramangalam has consented to obtain the Indian government's clearance for the fourth generating unit of the Kurichu project within the next two months.

— India Abroad News Service



Martin Kohlhausen, President of the Federation of German Banks and Chairman of the Board of Commerzbank AG speaks at the opening of a congress during the European Banking Technology Fair '98 in Frankfurt on Monday. Kohlhausen focused on the future of global finance markets and the impact of the European single currency on central and eastern Europe. The Euro will be implemented Jan. 1, 1999. — AP/UNB photo

Exchange Rates

American Express Bank Ltd foreign exchange rates (indicative) against the Taka to clients.

Currency	Selling TT & OD	Buying TT Clean	Selling BC	Buying OD Sight	Buying TT & OD
USD	48.7050	48.3100	48.7450	48.1570	48.0850
GBP	81.8049	80.6246	81.8721	80.3692	80.2491
MYR	29.5971	29.1745	29.6214	29.0821	29.0386
JPY	0.4261	0.4187	0.4264	0.4174	0.4168
FRF	8.8982	8.6351	8.9055	8.6078	8.5949
SAR	13.0332	12.8416	13.0439	12.8009	12.7818
MYR	12.8178	12.7138	12.8283	12.6736	12.6546
AED	13.2972	13.1163	13.3081	13.0748	13.0552
KWD	167.2562	155.0883	167.3935	154.5971	154.3660
QAR	13.4192	13.2320	13.4302	13.1901	13.1704
SFR	36.2712	35.6926	36.3010	35.5796	35.5284
CAD	31.8792	30.9918	31.9054	30.8936	30.8474
ITL	0.0318	0.0279	0.0320	0.0278	0.0277
AUD	31.0300	29.7879	31.0554	29.6936	29.6492
BEF	1.4325	1.4171	1.4337	1.4126	1.4105
HKD	6.2991	6.2231	6.3043	6.2034	6.1941
SGD	30.4559	29.4537	30.4809	29.3604	29.3165

Bill buying rates:

TT Doc	30 Days	60 Days	90 Days	120 Days	180 Days
48.2112	47.9074	47.5048	47.1023	46.6997	45.8945

US dollar London Interbank Offered Rate (LIBOR) as of November 2, 1998

	Buying	Selling	Currency	1 Month	3 Months	6 Months	9 Months	12 Months
Cash	48.0850	48.7050	USD	52	52	50.65	49	4.84
T.C	48.0850	48.7050	GBP	7.31	7.18	6.875	6.69	6.60

Exchange rates of some Asian currencies against US dollars

Indian Rupee	Pak Rupee	Thai Baht	Malaysia Ringgit	Indonesia Rupiah	Korean Won
42.295/42.300	56.15/56.25	36.60/36.65	3.7998/3.8002	7850/8050	1318/1320

Amex notes on Monday's market

USD/BDT market was active on Monday. USD/BDT mostly traded within range of 48.6450-48.8530.

Call money market was active on Monday. Government accepted Treasury bills worth BDT 4.71 billion on Sunday, payments for which was made on Monday. Again there was maturity of Treasury bills worth BDT 4.365 billion which injected liquidity almost matching the outgoing amount. As a result the call rates were steady around earlier level. Call rates opened at 6.75%-7.00% level but later came down to 6.00%. Most of the deals were done around 6.25%-6.50% level.

The US dollar regained against the Japanese yen by late Tokyo on Monday after tumbling more than one yen from Friday's New York level as speculative operators caught short were forced to liquidate positions. The US currency also boosted against the yen as the German mark recovered its earlier losses against the yen in cross trade. Again the greenback's upside was restricted by the rise in Tokyo share prices and selling interest by Japanese investors and exporters. The dollar initially sank to as low as 114.50 yen, pressured by stop-loss selling by overseas operators, including US hedge funds.

The yen made a firm start against the dollar and mark in European morning trade, supported by a rise in the Tokyo stocks and some speculation that hedge funds would buy yen to unwind their carry trades. Media reports in Japan of an alliance between Fuji Bank and Dai-ichi Kangyo Bank to form a partnership with Yusuda Trust sparked a 2.86 per cent rally in Tokyo Stock prices. The reports generated expectations that such a deal could help shore up Japan's ailing financial sector.

Dollar/mark was trapped in a narrow range in the ailing financial sector on moves in dollar/yen and mark/yen. Sterling maintained a softer tone against the dollar and mark after UK October PMI manufacturing index was at lowest ever recorded.

The Indian rupee opened steady on Monday against the dollar at 42.31/42.33 against its previous close at 42.33/42.34 and ended firmer against dollar at 42.29/42.30 in ranged trade.

At 1800 local time in the international market, the USD traded at 1.6492/6502 DEM, 115.61/115.71 JPY, 5.5313/5333. FRF, 1.3467/3474 CHF, and GBP at 1.6678/6688 USD.

Australia urges financiers not to be harsh with Asia

CANBERRA, Nov 2: The world's richest countries should not impose "heavy handed" conditions on any loans they offer troubled Asian nations, Australian Trade Minister Tim Fischer said Monday, reports AP.

Fischer lavishly praised the Group of Seven nations — the United States, Britain, Japan, Germany, France, Italy and Canada — for steps to restore stability to the world's financial system and to prevent fresh repercussions from the Asian economic meltdown.

But he warned that great care is needed to ensure that conditions attached to loans made in this way are not too harsh for developing Asian nations.

The G-7 group last week approved an emergency borrowing programme for troubled countries which agree to pursue International Monetary Fund-approved policies.

US officials hope such contingency financing will avert further episodes of the kind of panic which has plunged several Asian countries into deep recession and which levelled Russia's economy in August.

Fischer promised Australia would do all it can to advance the G-7 initiatives in the Asian region, in particular at the Asia Pacific Economic Cooperation forum meeting in Kuala Lumpur in mid-November.

He said the G-7 initiatives had already advanced global efforts to restore transparency to the world's financial system.

"The efforts towards more transparency have been massively helped by the agreement by the G-7 leaders and finance ministers and central bank governors on steps for addressing the financial crisis," Fischer said.

"(But) I've got to say that some of the OECD countries, at

the bigger end of the spectrum, should not be too heavy handed," he warned.

Australia will press for more openness in regional economies and markets, improving economic governance and especially transparency in regional banking systems, Fischer said.

Australia would try to act as an honest interlocutor in Asia.

"It is in the interests of countries large and small to be transparent," Fischer said.

Fischer's comments are not the first time Australia has urged world financiers to take care in their dealings with troubled Asian countries.

Foreign Minister Alexander Downer went to Washington earlier this year to argue that conditions attached to the IMF's first offer to help Indonesia were far too harsh.

The IMF later eased those conditions.

Philips to close one third of its plants worldwide in four years

LONDON, Nov 2: Dutch electronics giant Philips will close one third of its factories worldwide in the next four years because of overcapacity, the Financial Times said today, quoting company President Cor Boonstra, reports AFP.

Philips would cut the number of its plants from 244 to some 160, make better use of those that remain and rely more on outside suppliers, the report said.

The group "had built too big a production capacity for requirements," Boonstra told the paper.

He added, however, that Philips was looking to make acquisitions in the medical products, lighting and semiconductor fields, with the aim of concentrating development on the United States.

Credit repayment by ailing banks Jakarta trying to devise 'appropriate' pattern

JAKARTA, Nov 2: Finance Minister Bambang Subianto has said repayment of liquidity credits by Indonesia's ailing banks to the central bank Indonesia is still under discussion, the state Antara news agency reported yesterday, says AFP.

"It is still being discussed. We are going to devise the most appropriate pattern of repayment," Subianto told reporters.

Subianto's comments followed the reported suggestion by International Monetary Fund (IMF) Director Hubert Neiss that the government refrain from selling off the banks' assets too soon.

On Saturday, the Jakarta Post quoted Subianto as hinting the government would ease repayment terms so the banks could stay afloat.

Although the government's aim is to quickly obtain the optimum amount of cash, "We would also consider a reasonable repayment period," he said.

Bank Indonesia poured huge liquidity credits into the banks early this year to keep the system afloat, giving a September deadline for repayment.

When much of their payments were pledged in assets, Indonesian President BJ Habibie warned all debts should be paid in cash within a year.

Minister of Cooperatives and Small Enterprises Adi Sasono meanwhile was quoted by Antara as saying Saturday the government still intended to reclaim the central bank liquidity credits rather than take over bank assets.

The government target was to obtain adequate amounts of cash," he said, adding the re-

payment in assets, as pushed by some of the banks, would only cause a loss to the people.

"From the 120 trillion rupiah in Bank Indonesia liquidity assistance, only 1.2 trillion rupiah (160 million dollars) had already been paid in cash. This shows that they are not serious in paying their debts," he said.

In this case, Sasono said the government must take strong measures.

Last month Neiss said after a meeting with Habibie that restoring Indonesia's banking sector to full health could take up to three years.

"Bank restructuring is a long-term task and a very difficult task that can take two or three years," Neiss said.

The essence of the reform plan was the "recapitalisation of the banks, repayment of liquidity credits and the taking over by IBRA (the Indonesian Bank Restructuring Agency) of the non performing assets and disposing of them, he added.

He was speaking after parliament passed into law a new banking bill which allows foreign banks to own 100 per cent of shares in local banks.

The bill eliminated the previous 49 per cent cap on foreign ownership of local banks and revised a 1992 banking law on issues such as bank ownership, the role of the central bank Indonesia (BI) and customers privacy.

In April, the Indonesian government suspended seven banks and seized four others. It then suspended three more banks in August.



Mohammad Yunus, Vice Chairman of Islami Bank Bangladesh Limited addresses as the chief guest a day-long branch managers' conference of the bank's Bogra zone recently. M Kamaluddin Chowdhury, Executive President of the bank, is also seen. — IBBL photo

Paris commuters face another day of transport chaos

PARIS, Nov 2: Commuters in the Paris region faced another day of chaos Monday with trains, buses and the Metro on strike in the latest protest against violent attacks on transport officials, says AP.

The 24-hour walkout was scheduled to begin at 4:30 am (0330 GMT), and transport workers planned to rally at the Finance Ministry to demand better security measures, and more staff.

The Metro and buses were expected to come to a complete halt, as were two of four lines on the Regional Express Network (RER) which serves the suburbs — including the B line which serves Charles de Gaulle airport.

The government has deployed CRS elite police on trains and buses in recent weeks, and Prime Minister Lionel Jospin has promised to revise the penal code to deal more harshly with violence against transport workers.

But there has been no end to attacks.

Shipping Intelligence

Chittagong Port

Berth position and performance of vessels as on 2.11.98

Berth No	Name of vessels	Cargo	L. port call	Local agent	Date of arrival	Leaving
J/2	Millentium	Wheat (P)	Kend	OTBL	16/10	3/11
J/3	Banglar Gourab	Rice (P)/GI	Bang	BSC	27/10	3/11
J/5	Sea Bird	Rice (P)	Kakti	Cenl	31/10	10/11
J/7	Banga Birol	Cont	Sing	Bdshp	31/10	3/11
J/8	Mallika Naree	WSeed	SORD	Litmond	7/9	2/11
J/9	Banglar Asha	Rice (G)	-	KSA	7/9	5/11
J/10	Varva	Wheat (P)	Gavn	Total	20/10	7/11
J/11	Beatavivis	Wheat (G)	Sing	LSC(P)	18/10	4/11
J/12	Kota Berjaya	Cont	Sing	Pil(BD)	29/10	4/11
J/13	Jurong Balsam	Cont	Sing	Nol	31/10	4/11
CCT/1	Richmond	Cont	Sing	Qsel	30/10	3/11
CCT/2	S S Singapore	Cont	Sing	Rsl	26/10	2/11
CCT/3	Makassar Express	Cont	Col	baridhi	29/10	2/11
RM/15	Lestari Indah	Cement	Jaka	Ustc	11/10	4/11
CGJ	Banglar Shobha	Rice (P)	Kand	Seacom	9/10	3/11
GSJ	Bunga Orkid Satu	Wheat (G)	Dunk	Lams	21/10	3/11
RM/4	Quri	CDSO	P.LAIS	SEACOM	29/10	5/11
DOJ	Banglar Jyoti	C. Oil	-	BSC	R/A	2/11
DD	Banglar Mamata	Repair	-	BSC	R/A	15/11
DDJ/1	Tanary Star	Idle	Para	Psal	-	15/11
RM/8	Al Salamas	Repair	Visa	Asll	29/8	6/11
RM/9	Banglar Kallol	Repair	-	BSC	R/A	2/11
CUFJ	Mary Nour	Cement	Lanc	ESL	30/10	12/11

Vessels due at outer anchorage

Name of vessels	Date of L. port arrival	Local agent	Cargo	Loading port
Silver Star	3/11	Mong	Lams	C. Lefteris
Kallang	3/11	Mong	KSA	-
Orhangazi	3/11	-	AASS	Wheat
Ascan Energy	3/11	-	AASS	GI (log)
Capetan Lefteris	3/11	-	Lams	Wheat(G)
Atbat	5/11	-	USTC	Cement
Nyress Resolve (Cont)	27/10	3/11	Sing	RSL
Esco Argo	4/11	-	Prog	G
Prudent Challenger	4/11	Kand	OTBL	Rice(P)
Diligence Cont (Cont)	25/10	4/11	Sing	QCSL
Chin Shw Haw	4/11	-	MTA	G
Paramushir	4/11	-	BSSL	PSSL (Fert)
Ocean-1	7/11	Yang	SMSL	G
Banglar Shukha (Cont)	25/10	5/11	Sing	Bsc
Kota Caha Ya (Cont)	26/10	6/11	Sing	Pil (BD)
Yasmina	6/11	Kakti	SMSL	Rice(P)
Young Jiang	6/11	-	BD Ship	G
Ultima (Cont)	28/10	6/11	-	Baridhi
Da Fa (Cont)	1/11	6/11	Sing	BSSL
Pathen	6/11	Yang	MTA	G
Banglar Maya	7/11	Malc	Bsc	GI (Cont)
Trono	8/11	-	Everett	G
Orange Moon (Roro/24)	20/10	9/11	Sing	QCSL
Hibiscus (Cont)	28/10	9/11	Sing	QCSL
Marine Fortuner	9/11	-	RML	COMBL
Bunga Mas-II (Cont)	21/10	9/11	P Kela	EOSL

Tanker due:

Name of vessels	Date of L. port arrival	Local agent	Cargo
Maria-S	1/11	-	Rainbow
Kobuleti	2/11	-	Tsl

Vessels at Kutubdia

Name of vessels	Cargo	Last port	Local agent	Date of arrival
Seabulk Command	-	-	IBS	R/A (2/8)
S. Pioneer	Wheat (G)	S.Hani	LBS	24/10
Hua Qiang	Wheat (G)	Dunk	Lams	1/11
Global Jane	Wheat (G)	Mong	Lams	1/11

Vessels at outer anchorage

Name of vessels	Cargo	Last port	Local agent	Date of arrival
Banglar Monti (Cont)	Sing	Bsc	31/10	1/11
Prosrich	Cont	Sing	Qsel	1/11
Kota Naga	Cont	Sing	Pil (BD)	1/11
Qing Ling	R. Phos	Nanj	Seacom	1/11
Bunga Mas-II	Cont	P Kel	EOSL	1/11
Sea Pioneer	GI	P Kel	Ohl	2/11
Banglar Shourabh	C. Oil	-	BSC	R/A
Hawallan Express	HSD/JP-1	Sing	MSTPL	28/10

Vessels awaiting instruction

Name of vessels	Cargo	Local agent	Date of arrival
Karya Sentosa	Rice (G)	-	USTC
Rong Jiang	Rice (G)	Kakti	QWSL
Eka Lestari	Rice (G)	Para	MHCSL
Ritz	Rice (G)	Kakti	Cross
Anangel Eagle	Wheat (G)	-	LSC(P)
Delta Star	-	-	RSA
Adhiguna Jaya-1	Rice (G)	-	USTC
Safar	-	-	ASLL

Movement of vessels for 3.11.98

Outgoing	Incoming	Shifting
J/2 M Majestic	RM/9 B. Shobha	J/11 Betanavis To GSJ
J/3 B Gourab	CCT/2 Prosrich	CCT/2 B. Birol To RM/14
CCT/1 Richmond	CCT/1 K Naga	-
GSJ BO SATU	J/8 Bunga Mas-II	-
RM/9 B Kallol	J/1 Alam Sclar	-

The above are today's shipping position and performance of vessels of Chittagong Port as per berthing sheet of CPA supplied by HRC Group, Dhaka.

Winter of discontent looms large in Russia

As Russia's winter sets in, people like Alexandra Smirnova, living on the edge, ponder gloomily over their future, or what there is of it.

Since the double devaluation in August — which brought a two to three-fold increase in food prices — Alexandra, her son and her aged mother have survived on bread, buckwheat semolina and "cut-offs of meat that a dog wouldn't eat." Good meat and dried fruit are now far beyond the family's reach.

Alexandra, 58, a typist at Russia's prestigious Academy of Sciences, only earns 200 roubles a month. Her son has a serious back injury; he has been unable to get work since the last company he was at went bust, but the injury is not quite bad enough for him to qualify for disability benefit.

Russia's economic collapse is having a powerful impact both within the country and on international financial markets. Gemini News Service reports on how the collapse had its roots in the advice given by western economists during Russia's transition to capitalism.

"My mother's pension is 400 rubles, twice what I earn," says Alexandra. "I am looking forward to retiring too. My income will increase — and at least I am more likely to receive the money on time."

Like many millions of Russians, she receives her wages months late. Why go to work if she doesn't get paid? "I am used to the routine: there are people here I can talk to."

"The alternative is to sit staring at the four walls. That's worse. One of my neighbours, who is 82 and has no choice but

to sit at home all day, tried to hang herself."

Alexandra's standard of living has fallen consistently for ten years. She used to holiday on the Black Sea coast or, at least, visit relatives in Rostov in southern Russia; now she can afford neither to phone nor put stamps on letters to them, let alone contemplate a visit. She used to go to the theatre, but hasn't since the mid-eighties.

The family has a small black-and-white TV but the radio batteries are flat and cannot be replaced. She said: "In the past, hardship was tempered by the feeling that in the future it will be better. But now I do not have any hope. That is a terrible feeling."

problems are a microcosm of the root causes of Russia's contribution to the global financial crisis.

In 1992, when the central planning system was finally abandoned, western economists advised that the first priority was to make the rouble convertible with the dollar. This was "shock therapy": hyperinflation ensued and wiped out people's savings.

But unlike in Poland where "shock therapy" was tried before, society began to disintegrate: crime and disorder was multiplied, the death rate soared, industries collapsed, local authorities ceased to function. Millions voted for the extreme nationalist Vladimir Zhirinovskiy in the 1993 elections — and the world financial institutions got seriously worried. US President Bill Clinton summed it up: "more therapy, less shock." A rescue package was mounted.

The second phase of economic reform began: "savage capitalism," as Russians called it. Business was privatised. Criminal groups tried to grab bits of it. The super-rich "oligarchs" who fought their way to the top of the pile took control of some of the most profitable industries and formed powerful financial-industrial groups. Much money was spirited abroad to Swiss bank accounts. The "new rich" were not keen on paying taxes and the government's budget deficit began to

grow.

To cover this deficit without sparking a new round of inflation, the government borrowed — largely from the IMF, but also from its own citizens, by not paying their wages. It also sold state bonds (known by their Russian acronyms, GKOs and OFZs) to the banks.

An up-to-date financial structure appeared in Moscow with electronic stock and money markets. Desperately needed inward investment for industry came in a trickle; speculative money came in a flood. The most feverish of the speculative markets was in GKOs. The government had to pay higher and higher interest on them. Its reserves kept falling. In August, this market — often described as the biggest "Pyramid" scheme in history — fell apart, sending shock waves through the world financial system.

Primakov's government, appointed by President Boris Yeltsin after the August crisis, is renegotiating its debts with the international financial institutions and banks. It is also trying to pay some of its debts to its own citizens: it has promised that state employees will be paid on time in future and that back debts will be cleared progressively. But to do that it will almost certainly have to print more money. That will again fuel inflation, and further rouble devaluation.

The long, hard Russian winter will turn to spring. The economic crisis and the hardship it brings may not thaw so soon.

Simon Pirani is a British freelance journalist and researcher specialising in Russia. He has recently returned from Moscow and will shortly be returning there.

HURRY! HURRY! HURRY!!!

T & T Board authorised us to print and publish English Telephone Directory for Bangladesh covering Dhaka, Chittagong, Khulna and Rajshahi Divisions. Our 1998-99 Telephone Directory is going to the press for final printing in December '98. Kindly contact the telephone numbers noted below or write to us in the following address for your advertisements within November 15, 1998. We are also allowing the above mentioned time who want to put their name in Bold Letter or want to use their logo for their Company or additional entry. Any correction of spelling mistake in the name and address will also be entertained within this period. We will appreciate if you kindly write to us for any information directly to us.

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The result of the plight of millions like Alexandra was a trade union-backed day of protest in October. Seventeen million workers went on strike at 39,000 workplaces, and at least one million were marching.

This forced the new Prime Minister, Yevgeny Primakov, into action. He had already ordered the printing of 17 billion roubles in September to pay off the greatest debts to miners, students and soldiers — and appeared on TV the night before the protest, admitting that people had "good